

*The Department of State*

# bulletin

Vol. XXXII, No. 813

January 24, 1955



**FURTHER DEVELOPING THE FOREIGN ECONOMIC  
POLICY OF THE UNITED STATES • *Message from  
the President to the Congress* . . . . . 119**

**THE PEACE WE SEEK • *Address by Secretary Dulles* . . . 123**

**THE GROWING PARTNERSHIP AMONG FREE NA-  
TIONS • *by Assistant Secretary Robertson* . . . . . 126**

**ITALY IN 1955 • *by Ambassador Clare Boothe Luce* . . . . . 132**

**REPORT OF THE VALIDATION BOARD FOR GERMAN  
DOLLAR BONDS . . . . . 139**

**MUTUAL DEFENSE TREATY WITH CHINA TRANS-  
MITTED TO SENATE . . . . . 150**

*For index see inside back cover*



# *The Department of State* bulletin

VOL. XXXII, No. 813 • PUBLICATION 5734

January 24, 1955

*The Department of State BULLETIN, a weekly publication issued by the Public Services Division, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.*

*Publications of the Department, as well as legislative material in the field of international relations, are listed currently.*

For sale by the Superintendent of Documents  
U.S. Government Printing Office  
Washington 25, D.C.

PRICE:  
52 issues, domestic \$7.50, foreign \$10.25  
Single copy, 20 cents

The printing of this publication has been approved by the Director of the Bureau of the Budget (January 19, 1955).

**Note:** Contents of this publication are not copyrighted and items contained herein may be reprinted. Citation of the DEPARTMENT OF STATE BULLETIN as the source will be appreciated.

## Further Developing the Foreign Economic Policy of the United States

### MESSAGE FROM THE PRESIDENT TO THE CONGRESS<sup>1</sup>

THE WHITE HOUSE,  
January 10, 1955.

*To the Congress of the United States:*

For the consideration of the Congress, I submit my recommendations for further developing the foreign economic policy of the United States. Although largely based upon my special message to the Congress of March 30, 1954,<sup>2</sup> these proposals are the product of fresh review.

The Nation's enlightened self-interest and sense of responsibility as a leader among the free nations require a foreign economic program that will stimulate economic growth in the free world through enlarging opportunities for the fuller operation of the forces of free enterprise and competitive markets. Our own self-interest requires such a program because (1) economic strength among our allies is essential to our security; (2) economic growth in underdeveloped areas is necessary to lessen international instability growing out of the vulnerability of such areas to Communist penetration and subversion; and (3) an increasing volume of world production and trade will help assure our own economic growth and a rising standard of living among our own people.

In the worldwide struggle between the forces of freedom and those of communism, we have wisely recognized that the security of each nation in the free world is dependent upon the security of all other nations in the free world. The measure of that security in turn is dependent upon the economic strength of all free nations, for without economic strength they cannot support the military establishments that are necessary to deter Communist armed aggression. Economic strength is

indispensable, as well, in securing themselves against internal Communist subversion.

For every country in the free world, economic strength is dependent upon high levels of economic activity internally and high levels of international trade. No nation can be economically self-sufficient. Nations must buy from other nations, and in order to pay for what they buy they must sell. It is essential for the security of the United States and the rest of the free world that the United States take the leadership in promoting the achievement of those high levels of trade that will bring to all the economic strength upon which the freedom and security of all depends. Those high levels of trade can be promoted by the specific measures with respect to trade barriers recommended in this message, by the greater flow of capital among nations of the free world, by convertibility of currencies, by an expanded interchange of technical counsel, and by an increase in international travel.

From the military standpoint, our national strength has been augmented by the overall military alliance of the nations constituting the free world. This free-world alliance will be most firmly cemented when its association is based on flourishing mutual trade as well as common ideals, interests, and aspirations. Mutually advantageous trade relationships are not only profitable, but they are also more binding and more enduring than costly grants and other forms of aid.

Today numerous uneconomic, manmade barriers to mutually advantageous trade and the flow of investment are preventing the nations of the free world from achieving their full economic potential. International trade and investment are not making their full contribution to production, employment, and income. Over a large area of the world currencies are not yet convertible.

<sup>1</sup> H. Doc. 63, 84th Cong., 1st sess.

<sup>2</sup> BULLETIN of Apr. 19, 1954, p. 602.

We and our friends abroad must together undertake the lowering of the unjustifiable barriers to trade and investment, and we must do it on a mutual basis so that the benefits may be shared by all.

Such action will add strength to our own domestic economy and help assure a rising standard of living among our people by opening new markets for our farms and factories and mines.

The program that I am here recommending is moderate, gradual, and reciprocal. Radical or sudden tariff reductions would not be to the interest of the United States and would not accomplish the goal we seek. A moderate program, however, can add immeasurably to the security and well-being of the United States and the rest of the free world.

#### **Trade Agreement Authority**

I request a 3-year extension of Presidential authority to negotiate tariff reductions with other nations on a gradual, selective, and reciprocal basis. This authority would permit negotiations for reductions in those barriers that now limit the markets for our goods throughout the world. I shall ask all nations with whom we trade to take similar steps in their relations with each other.

The 3-year extension of the Trade Agreements Act should authorize, subject to the present peril and escape clause provisions:

1. Reduction, through multilateral and reciprocal negotiations, of tariff rates on selected commodities by not more than 5 percent per year for 3 years;
2. Reduction, through multilateral and reciprocal negotiations, of any tariff rates in excess of 50 percent to that level over a 3-year period; and
3. Reduction, by not more than one-half over a 3-year period, of tariff rates in effect on January 1, 1945, on articles which are not now being imported or which are being imported only in negligible quantities.

#### **The General Agreement on Tariffs and Trade**

For approximately 7 years the United States has cooperated with all the major trading nations of the free world in an effort to reduce trade barriers. The instrument of cooperation is the General Agreement on Tariffs and Trade. Through this

agreement the United States has sought to carry out the provisions and purpose of the Trade Agreements Act.

The United States and 33 other trading countries are now reviewing the provisions of the agreement for the purpose of making it a simpler and more effective instrument for the development of a sound system of world trade.<sup>3</sup> When the current negotiations on the revision of the organizational provisions of the general agreement are satisfactorily completed, the results will be submitted to the Congress for its approval.

#### **Customs Administration and Procedure**

Considerable progress has been made in freeing imports from unnecessary customs administrative burdens. Still more, however, needs to be done in the three areas I mentioned in my message last year: (1) the simplification of commodity definitions, classification, and rate structures; (2) improvement in standards for the valuation of imports; and (3) further improvement of procedures for customs administration.

An important step toward simplification of the tariff structure was taken by the Congress last year with the passage of the Customs Simplification Act which directs the Tariff Commission to study the difficulties of commodity classification of imports. The interim report of the Tariff Commission to be made by next March 15 should help enable the Congress to determine whether further legislative steps should then be taken or should await submission of the final report.

The uncertainties and confusion arising from the complex system of valuation on imported articles cause unwarranted delays in the determination of customs duties. I urge the Congress to give favorable consideration to legislation for remedying this situation.

The improvement of customs administration requires continuous effort, as the Congress recognized by enacting the Customs Simplification Acts of 1953 and 1954. The Treasury Department in its annual report to the Congress will review the remaining reasons for delay or difficulty in processing imported articles through customs and will propose still further technical amendments to simplify customs procedures.

<sup>3</sup> *Ibid.*, Nov. 8, 1954, p. 711, and Nov. 22, 1954, p. 772.



## United States Investment Abroad

The whole free world needs capital; America is its largest source. In that light, the flow of capital abroad from our country must be stimulated and in such a manner that it results in investment largely by individuals or private enterprises rather than by government.

An increased flow of United States private investment funds abroad, especially to the underdeveloped areas, could contribute much to the expansion of two-way international trade. The underdeveloped countries would thus be enabled more easily to acquire the capital equipment so badly needed by them to achieve sound economic growth and higher living standards. This would do much to offset the false but alluring promises of the Communists.

To facilitate the investment of capital abroad I recommend enactment of legislation providing for taxation of business income from foreign subsidiaries or branches at a rate 14 percentage points lower than the corporate rate on domestic income, and a deferral of tax on income of foreign branches until it is removed from the country where it is earned.

I propose also to explore the further use of tax treaties with the possible recognition of tax concessions made to foreign capital by other countries. Under proper safeguards, credit could be given for foreign income taxes which are waived for an initial limited period, as we now grant credit for taxes which are imposed. This would give maximum effectiveness to foreign tax laws designed to encourage new enterprises.

As a further step to stimulate investment abroad, I recommend approval by the Congress at the appropriate time of membership in the proposed International Finance Corporation, which will be affiliated with the International Bank for Reconstruction and Development.\* This Corporation will be designed to increase private investment in less-developed countries by making loans without Government guaranties. Although the Corporation will not purchase stock, it will provide venture capital through investing in debentures and similar obligations. Its operation will cover a field not dealt with by an existing institution.

The executive branch will continue through our

\* For a U. S. statement on the proposed International Finance Corporation, see *ibid.*, Nov. 29, 1954, p. 813.

diplomatic representatives abroad to encourage a climate favorable to the private enterprise concept in investment.

We shall continue to seek other new ways to enlarge the outward flow of capital.

It must be recognized, however, that when American private capital moves abroad it properly expects to bring home its fair reward. This can only be accomplished in the last analysis by our willingness to purchase more goods and services from abroad in order to provide the dollars for these growing remittances. This fact is a further compelling reason for a fair and forward-looking trade policy on our part.

## Technical Cooperation

The United States has a vast store of practical and scientific know-how that is needed in the underdeveloped areas of the world. The United States has a responsibility to make it available. Its flow for peaceful purposes must remain unfettered.

United States participation in technical cooperation programs should be carried forward. These programs should be concerned with know-how rather than large funds. In my budget message next week, I shall recommend that the Congress make available the funds required to support the multilateral technical cooperation programs of the United Nations. The bilateral programs of the United States should be pressed vigorously.

## International Travel

The United States remains committed to the objective of freedom of travel throughout the world. Encouragement given to travel abroad is extremely important both for its cultural and social importance in the free world, and for its economic benefits. Travel abroad by Americans provides an important source of dollars for many countries. The executive branch shall continue to look for ways of facilitating international travel and shall continue to cooperate with private travel agencies.

One legislative action that would be beneficial in this field is the increase of the present duty-free allowances for tourists from \$500 to \$1,000 exercisable every 6 months. I recommend the passage of such legislation.

## Trade Fairs

International trade fairs have been of major importance to foreign countries for many years, and most of the trading nations have strengthened the promotional aspects of their industrial displays in many fairs with a central exhibit designed to emphasize the industrial progress and achievement of the nation.

Soviet and satellite exhibits, for example, have been costly, well-planned, and housed in expensive structures designed to convey the impression that the U. S. S. R. is producing on a large scale for peace and is creating a paradise for workers.

The United States, which has a larger volume of international trade than any other nation, until recently has been conspicuous by its absence at these trade fairs. American visitors and participants have pointed out the failure of their Government to tell adequately the story of our free-enterprise system and to provide effective international trade promotion cooperation.

As a result, I have undertaken an international trade fair program under the direction of the Department of Commerce. Since the inauguration of this program in August, participation has been authorized in 11 fairs to be held before June 30. Sixteen additional fairs are being considered for exhibition purposes in the latter part of the year. The first fair in which the United States presented a central exhibit is that at Bangkok, which opened December 7, 1954. At it our exhibit was awarded first prize. Over 100 American companies supplied items for inclusion in it.

I shall ask the Congress for funds to continue this program.

## Convertibility

Convertibility of currencies is required for the development of a steadily rising volume of world trade and investment. The achievement of convertibility has not been possible in the postwar period due to dislocations caused by the war, inflation, and other domestic economic difficulties in many countries, which have contributed to an imbalance in international trade and payments. However, steady progress, particularly by western European countries, is being made toward our mutual objective of restoring currency convertibility. The foreign economic program proposed here will make an important contribution to the achievement of convertibility.

## Agriculture

No single group within America has a greater stake in a healthy and expanding foreign trade than the farmers. One-fourth to one-third of some major crops, such as wheat, cotton, and tobacco, must find markets abroad in order to maintain farm income at high levels.

If they are to be successful, programs designed to promote the prosperity of agriculture should be consistent with our foreign economic program. We must take due account of the effect of any agricultural program on our foreign economic relations to assure that it contributes to the development of healthy, expanding foreign markets over the years.

## Conclusion

The series of recommendations I have just made are all components of an integrated program, pointing in a single direction. Each contributes to the whole. Each advances our national security by bringing added strength and self-sufficiency to our allies. Each contributes to our economic growth and a rising standard of living among our people.

DWIGHT D. EISENHOWER.

## U. N. Secretary-General's Return From Mission to Red China

### *Statement by the President*

White House press release dated January 14

The Secretary-General of the United Nations has returned from his mission to Peiping. He has not yet formally reported but has indicated that his visit represented only a first stage in United Nations negotiations to achieve the release of the American airmen and other United Nations personnel detained in Red China. He believes that progress has been made and urges that restraint be exercised to permit of further efforts.

Quite naturally, the immediate reaction of all Americans to the Secretary-General's announcement is disappointment. All of us are rightly aroused that our airmen have not long since been released by their Communist captors in accordance with the clear terms of the Korean Armistice.

We must never forget one fundamental thing: We want our airmen returned safely to their homes.

All Americans are united and dedicated to this cause. Truth and right are on our side. We must have faith in the community of nations and in the tremendous influence of world opinion.

It will not be easy for us to refrain from giving expression to thoughts of reprisal or retaliation.

Yet this is what we must not now do. We must not fall into a Communist trap and through impetuous words or deeds endanger the lives of those imprisoned airmen who wear the uniform of our country.

They are fighting men, trained to discipline. We now owe them discipline from ourselves. We must support the United Nations in its efforts so long as those efforts hold out any promise of success.

## The Peace We Seek

*Address by Secretary Dulles<sup>1</sup>*

I should like to talk with you about peace. "Peace" is one of the most beautiful and honored words of our language. However, the word has been so tarnished and besmirched by Soviet Communist propaganda that today, in their mouths, it is scarcely recognizable.

It is time that we rescue this great word from that undeserved fate and proclaim true peace throughout the lands.

Peace is a word which is rich in its meaning. It implies an absence of violence and warfare. But there is much more to it than that. It also implies the inner tranquillity which comes to those who are enabled to pursue happiness and develop their God-given possibilities of body, mind, and soul.

To the orthodox Communists on the other hand, peace is a negative, barren concept. It means a state of enforced conformity where all men think alike, believe alike, and act in accordance with a pattern imposed by their rulers, who constitute what they call a dictatorship of the proletariat.

If that system of conformity can be made worldwide, then, they argue, there will be an end to war. Thus, in the name of peace they seek to extend their power throughout the world.

One thing is clear about this kind of peace: the international Communists cannot establish it without first resorting to war. This they admit. Of course, they use propaganda, subversion, and menaces to soften up others in the hope that they will give in without resistance. That is their "peace offensive." But they foresee that many will never peacefully accept their rule. So Lenin taught, and Stalin agreed, that "a series of frightful collisions between the Soviet Republic and the bourgeois states will be inevitable."

The fanatical Communists believe that the end result—a world of total conformity—justifies these frightful means. And rulers who are moved by a primitive lust for power find it convenient to cloak their ambitions in such a doctrinal garb.

When we hear talk of peace from the Communist camp, we must always look behind this talk to the nature of the Communist system. It is not a peace system but a force system, for only force can suppress the aspirations of men's souls. Individuals yearn to do what will satisfy them, not their masters. They want themselves to implement the protective love which binds together the family unit. They want to commune with that higher Power whom throughout the ages men have revered as God, and to feel that they do His bidding. Only under coercion do they accept a system which repudiates love of family, love of

<sup>1</sup>Made at the centennial inaugural luncheon of the Young Women's Christian Association at New York, N. Y., on Jan. 11 (press release 11).

country, love of God, and which treats men as bits of matter. That is not peace. Yet this is the false concept of "peace" with which the Communists load their heaviest propaganda guns.

The God-fearing peoples want peace. But they seek it by using, not suppressing, men's finest qualities. They know that society needs rules of conduct which promote harmony. But they find that the source of those rules is primarily moral or natural law, which is not man-made, and that the sanction for those rules is primarily a voluntary subjection to moral law, and not the arbitrary imposition of a police state.

It is, of course, immensely difficult to preserve both peace and freedom. Nevertheless, we need not feel hopeless. Every year bears its harvest of events which show that the goal we seek is not beyond human capacity to attain.

### Acts of Peace

During the past year there have been many acts of peace. One was the settlement between Great Britain and Egypt of the Suez Base controversy. Two years ago I was in that area. Warfare was close to breaking out. Indeed, both sides were planning for that contingency. Nevertheless, counsels of moderation prevailed. The method of patient negotiation was followed, and finally a solution was found. It involved concessions by both of the parties. But today there is peace in the true sense, and we can hope that that example will extend its benign influence throughout that distraught Near Eastern area.

A similar peace was made between Italy and Yugoslavia with relation to Trieste. Here again deep national feelings seemed to conflict to a degree which permitted of no peaceful solution. A point was reached where both sides were moving troops toward the danger zone. But again the processes of negotiation and diplomacy were invoked. Each side exercised moderation and made concessions, with the result that a true peace has been achieved. We are entitled to hope that this peace, too, will spread its influence, so that the South European area will gain unity and strength to replace divisive weakness.

The Manila Conference of last September drew together colonial and anticolonial nations. Yet out of that Conference emerged the Pacific Charter, in which the nations of the West joined with the nations of the East to proclaim in ringing

terms the basic right of all peoples to self-government and independence.

Also, during the past year a new start was made in Western Europe toward ending the national differences which for generations have led to recurrent wars. These wars have steadily grown in scope and intensity. They have so depleted Europe's human, material, and moral strength that for the first time Western civilization can be seriously challenged by an atheistic system.

It is indeed a shocking thing that Western Europe, which has long been the cradle of Christian civilization, should also for so long have been the principal cockpit of war.

To end that situation, the European Defense Community was conceived. It would have integrated permanently those forces which, in separation, have been hostile. When that failed of adoption, this same purpose was transferred to the present plan for Western European union.

There are some who treat this project as merely a device to rearm the Germans. That is belittling almost to the point of absurdity. Of course, Germans, like all self-respecting people, have the right and duty to contribute to international peace and security. That, however, is but a byproduct of the great conception of bringing the countries of Western Europe into a relationship so close and so permanent that it is inconceivable that they again should fight each other. The real issue is: shall the peoples of Europe be content to go on living in a political structure which has been the world's worst fire hazard—or will they build something better?

The new arrangements naturally encounter resistance. That is always the case when great deeds are done. The project for federal union in this country encountered opposition, and in several states the margin of approval was meager and precarious. So it will be in Europe. But we can have good hope that this great act of peace will be consummated through the indispensable contribution, by French and Germans, of tolerance, self-restraint, and vision.

The United Nations during this past year played a notable part in serving, as its charter prescribes, as "a center for harmonizing the actions of nations." We eagerly await the return from China of its Secretary-General and his report on the outcome of a United Nations mission which critically involves issues of humanity and justice. Our own Nation makes its contribution to the



peaceful settlement of these issues by heeding the Biblical injunction to be "slow to anger."

I could go on to multiply the proofs of man's capacity to build true peace. Last year was enriched by them. A cataloging is, however, unnecessary. You know, as I know, that peace in the lofty sense of that word is in fact within man's reach. The limiting factor is not impossibility but the lack of well-directed effort and sacrifice which could turn the possible into the actual.

The hard fact is that, while throughout the ages men have longed for peace, they have seldom worked for it in a serious, intelligent, and sustained way. It is indeed shocking to contrast what men do in time of war to win victory and what they do in time of peace to prevent new war.

#### **Sacrifices for Peace**

When we are at war, the nation unites and every mature citizen stands ready to respond to the call of duty. No sacrifice, even that of life itself, seems too great. Yet, when there is peace, men often think that it is sufficient to turn the task over to a few professionals and to hope, and perhaps to pray, that they will succeed. I do not minimize the value of those hopes and particularly of those prayers. They powerfully sustain those who carry heavy burdens. But in every country there is desperate need for greater willingness to make the national sacrifices which may be required for peace.

There will never be permanent peace so long as men and nations reserve for war their greatest effort, their most sacrificial endeavor.

In this country there is a vast urge for peace. We ended the fighting in Korea. We are helping, in partnership with others, to develop collective security throughout the free world. We shall, I hope, follow enlightened economic policies such as those President Eisenhower recommended yesterday. We extend good offices to promote acts of peace elsewhere, such as those I have mentioned and many others.

Perhaps never before has any nation done so much for peace. Our record is good, as judged by the past. But the past provides no proper standard. There is still too much complacency. Winning peace is a desperate struggle against an enemy—the war system—which so far has never been permanently defeated. Today that system is in fact sponsored by greater military power than has ever before existed.

This struggle for peace cannot be won by pacifism or by neutralism or by weakness. These methods have been tried and they have failed. Aggression is deterred only by an evident will and capacity to fight for rights more precious than is a debasing peace.

But, also, peace cannot be won by truculence or by intolerance, without or within. Peace has to be planned as a campaign in which many factors are weighed. It is a campaign in which it may be necessary to strive even when success may be improbable, and to accept occasional reverses. Indeed, to deter war and to save peace we may have to be ready to fight, if need be, and to have the resources and the allies to assure that an aggressor would surely be defeated.

In all of this the nations which truly want peace should be able to enlist the individual and collective support of their people.

To achieve true peace is, I know, a deep concern of the Young Women's Christian Association. You have grown in strength and vigor for now 100 years. But the tasks before you remain great and ever more imperative.

Therefore, I am grateful for this opportunity to bring to you this message—a message of hope, but also a message of deep urgency.

#### **NATO Conference To Discuss Problems of Defense Production**

Press release 21 dated January 12

A NATO conference of high national production authorities is scheduled to meet at Paris January 24-26. The purpose of the conference is to bring together senior officials of the NATO governments to exchange views on problems of mutual concern in the fields of defense mobilization planning and defense production.

The meeting is being held at the invitation of the NATO Defense Production Committee, which was established by the North Atlantic Council as an agency to make recommendations to the Council on policy questions relating to defense production.

Senior officials representing the United States from Washington will be Arthur S. Flemming, Director of the Office of Defense Mobilization, and Thomas P. Pike, Assistant Secretary of Defense for Supply and Logistics.



## The Growing Partnership Among Free Nations

by Walter S. Robertson

Assistant Secretary for Far Eastern Affairs<sup>1</sup>

It is an honor and a privilege to speak to this distinguished group tonight, to have the opportunity of sharing with you some of our most critical problems. For the problems which I shall discuss briefly with you are not just the Government's problems. They are your problems and my problems—American problems, free-world problems—problems demanding the utmost in wisdom, courage, and patience, if in their solution we are to preserve the fundamental values upon which this Nation was founded and became great.

Last year in a press conference the President remarked that he thought we ought to "talk less about American leadership in the world, because we are trying to be a good partner." Looking back at the year just past, it seems to me that a sense of growing partnership among the free nations, rather than perhaps overdynamism leadership by any one of them, was the significant new element. A compelling example of this approach by partnership was the whole dramatic episode of the collapse of Edc and the way the West European nations moved in concert to fill the vacuum created by that collapse. This, as Secretary of State Dulles said and said again, was a European story. He took with him to those fateful meetings last fall at London and Paris no overall plan to shore up the damage done. But we were, he said, more than willing to consider favorably any workable plan that was proposed by the nations most gravely concerned.

The result is history now. With Great Britain and Germany and France all making notable con-

cessions, in this spirit of partnership, a new plan for a Western European Union was developed which in many concrete ways represented an improvement on the Edc plan. The free world breathed again.

The Manila treaty last September was another example of this spirit of fellowship.<sup>2</sup> There, you will remember, eight nations, Asian and non-Asian, signed a pact against aggression and subversion which put heart and hope into Southeast Asia and served notice on the Communist bloc that the ranks of the free nations—old and new—were closing.

In thinking over what I wanted to say to you tonight, and in light of this growing emphasis on a partnership of nations, I decided to brush up on a legal definition of what a partnership actually was, in the business sense of the term. Mechem's *Elements of the Law of Partnership* was my guide, and I relearned several interesting facts from my business days which I think are applicable here.

Complete good faith, fair dealing, and honesty on the part of each partner is, as I am sure you all know, the basic requirement.

Each has full and equal responsibility for the partnership and each has a right to a share in the benefits. Among the subheads I learned again that "Duty to consult," "Duty to devote himself to the advancement of the firm's interest," and "Duty to conform to the partnership agreement" figured prominently.

Now running through all this was that old legal coverall, "unless otherwise specified," which is

<sup>1</sup> Address made before the Chamber of Commerce of Greater Philadelphia, Philadelphia, Pa., on Jan. 13 (press release 23).

<sup>2</sup> For text of the treaty and of the Pacific Charter, see BULLETIN of Sept. 20, 1954, p. 393.

woven out of a lot of "ifs," "buts," and "whereases." But nonetheless there is good solid truth here. What holds true for a business partnership between men also holds true in considerable degree in a political-military-diplomatic partnership among nations.

### Cooperation Based on Necessity

I would be something less than honest with you if I did not make it very clear that this increasing cooperation in the free world is based on necessity. Let me go on record, for this is the premise upon which my whole report to you tonight is based:

*The tactics of the Communist world may vary but the threat remains the same.*

The present tactic has been an all-out peace offensive, with a central theme of coexistence. Because the world, both the free world and the slave world, longs for peace, this siren song of coexistence is making some headway—among neutral nations, among some of our allies, and perhaps even with some Americans. But let me remind you that the word means many things to many men. To us it means tolerance and the right to live as you please. To the masters of the Communist world it means in the end one world all right, but what a world: a police state, a silent world of subjugation where no free voice is ever heard.

Now, in the decade since World War II the slave world of the Soviet has greatly increased in power. To it has been added, by imperialists of the same brutal stripe, the vast manpower and potential of Communist China. Historical hindsight is easy, I'll grant you, but at the risk of this kind of rear-window wisdom, I still say that there never was any real doubt but that this would be so. Even back in the early 1940's, when those bemused books were coming out of China assuring us that the Chinese brand of communism was at heart an agrarian reform movement, the handwriting on the wall, written in red, soon to be written in blood, was very clear. Mao Tse-tung, the present head of the regime, was writing of himself:

I am a Marxist dedicated to communizing China and the rest of the world under the leadership of Moscow.

Many years ago, Lenin is reported to have written:

First we'll take Eastern Europe, then the masses of Asia, then we will surround America, the last citadel of capitalism. We shall not have to attack. She will fall into our lap like an overripe fruit.

And now this same dedication to the Communist ideal has just been reaffirmed in a recent speech by Liu Shao-chi, the Chinese Communist Party's principal spokesman:

The Soviet road is the road all humanity will eventually take, in accordance with the laws of development of history. To bypass this road is impossible. We have always believed that Marxism-Leninism is universal truth.

Now let us see what the disciples of Lenin have done with the blueprint he bequeathed them. In Europe the rollcall of once-free nations now in slavery is a long and melancholy one: Latvia, Estonia, Lithuania, Czechoslovakia, Poland, Bulgaria, Rumania, Hungary, East Germany, Albania—in short, Eastern Europe. In Asia the list is shorter but the area—from the waters of Alaska to the South China Sea—is a vast one. Today the Communists hold the mainland of China, with its 600 million units of manpower, and North Korea, and they are threatening to take Southeast Asia by way of Indochina. The tactics vary—open aggression, mass murder, ruthless regimentation, infiltration, subversion. The goal remains the same.

### Two-Faced Empire

This Janus-headed empire contains over one-third of the human race. One face, at present the bland, soft-speaking one, looks toward Western Europe. The scowling one, in the image of Mao and the shadow of Malenkov, looks out upon all Asia from an interior position of great force and power.

The Communist conquest of China has given the Communist tyranny a firm Asian base. From this base major resources are available or might be brought to bear in or on every country in the Far East. We have recently seen such Communist pressures applied with tragic consequences in Indochina. By common boundaries—the flow of trade—cultural affinities—the presence of Chinese populations—every country in Asia is touched in some way by Communist China.

The Chinese Communists and, for that matter, the other Asian Communists such as the Viet Minh may have points of conspicuous physical difference from the Russians, but as Communists

they are all identical, and it is as Communists that they think of themselves. To true Communists, the international Communists, it is in terms of Communist doctrine alone that the world and all that goes on in it are to be regarded.

If we understand what the Communists are, it is apparent that there are no grounds on which to appeal to them unless from a position of strength we can make them pause and heed us. Every basic Communist interest is predicated upon our progressive defeat and final destruction. The only way we can "get at" them is through manifesting the power to defend our rights and interests. When they encounter sufficient opposition, they call off the attack, as they did in Korea. They may even retreat, as they did in Iran in 1946. The Communist movement, though fanatical in dedication, lacks that suicidal element of fanaticism that colored the prewar movements of militant German and Japanese nationalism. The Communists are intensely practical. They have epithets just as scurrilous for comrades who lose out by going too fast as for those who lose out from lack of zeal. In fact, the sin of the Communist arch traitor, Trotsky, was the sin of wanting to push the Revolution too fast. The point of this is inescapable.

It is the Asiatic face of this great conspiracy that I propose to discuss with you tonight in some detail, for it is the area in which my own responsibilities within the Department of State lie.

What is our policy? How do we propose to meet the ever-present threat of Communist aggression there, knowing it for what it is? What progress is being made in the spirit of partnership which I defined in my opening remarks?

Let me make one more generalization before I go into particulars. Corollary to the basic premise of the constancy of the Communist threat is another and far more awesome truism. The slave world as well as the free possesses the nuclear weapons by which to destroy the whole world as we know it. "There is no longer any alternative to peace," the President said in October, and that is about as succinctly as it can be said.

#### **Twofold Policy**

Bearing this ultimate threat in mind, as indeed we must, the overall policy of the United States with regard to the Far East may be described as twofold.

One dominating aspect is the reduction of the power and menacing influence of the U. S. S. R. and Communist China and the prevention of further expansion of Communist power.

The other is the encouragement of stability and strength in the area, through the cooperative association of free and independent nations.

The basic principle of a good business partnership, as we have seen, is "good and great confidence and trust." The establishment of such a climate of confidence and trust has been equally basic to our policy in the Far East, both in the prevention of further Communist expansion and in strengthening the bonds of the free nations in the threatened area.

The complicating factor here has been the old ghost of colonialism. For the great driving force throughout Asia is the determination of the free peoples there—many of which have recently become independent—to maintain their freedom. They fear Russia and China, but paradoxically they still in some instances mistrust us too.

Of course, the United States record on colonialism is the best answer to these baseless fears. Our good faith in giving the Philippines full independence as soon as they were ready for it is a case in point in the area itself.

But the truth is not universally known, and Communist propaganda is everywhere distorting, perverting, poisoning.

I have mentioned the Manila treaty as an example of good teamwork and increased security. But something else happened at Manila last year that was equal in importance. The eight nations who met there signed the Pacific Charter, which proclaimed in unmistakable terms the rights of self-government and independence for all nations ready to assume the attendant responsibilities.

This has helped to disperse the lingering doubts, but there is a long way still to go. Words are not enough. First of all the word must be spread in an area where communication is often exceedingly difficult and uncertain. The same applies to the Manila treaty itself. It is a beginning of a defensive alliance designed to meet the defense needs of Southeast Asia. On February 23 the Manila treaty nations are meeting at Bangkok to discuss how to give practical effect to the provisions of the treaty. The fact that this meeting is in the capital city of Thailand, an ancient, independent Asian country, is both suitable and sym-

olic. The free and equal partnership is growing. The duty to consult, which as we have seen is part of such a partnership, is being fulfilled.

So far I have dealt almost entirely in generalizations as vast as the great Asian land mass with which they are concerned. I would like to consider more specifically the situation in the Far East. For the bowl of rice of the evening I would like to give you a few hard facts about the progress there.

### A Look at Japan

Moving from North to South, let's first have a look at Japan. Our principal effort comes under the "full and equal responsibility" clause in the definition of a partnership. Increasing assumption of Japan's responsibility for her own defense is one of the goals. We have a security treaty with Japan<sup>3</sup> which provides for the stationing of U. S. forces in Japan and assumes that Japan will build up her defense potential over a period of time.

The most obvious fact about that island nation of 88 million souls—increasing more than 1 million per year—is that it must trade to live. Japan must import over 22 percent of her food requirements and practically all of her raw materials. If Japan cannot make a living doing business with the free nations, she will do business with the Communists rather than starve. Doing business with people strengthens other ties with them. Japan can remain on the side of the free world only if there are adequate trade possibilities for her within the free world.

This brings me to the second phase of our partnership with Japan. Often what is good for one partner is good for both. There is, I know, some fear of the competition of Japan, but how much better the competition of free nations than a costlier struggle with an augmented Communist despotism. I scarcely need to remind you that Japan is one of our best customers, especially for such agricultural products as cotton and wheat and rice, barley and soy beans, as well as coal and petroleum and many manufactured goods—automobiles, industrial machinery and chemicals. In fact, almost one-third of Japan's imports come from the United States, while we buy only about one-sixth of her exports. In 1953 Japan's deficit

in trade with the U. S. amounted to approximately \$523 million, about one-half of her total trade deficit. So it is to our selfish interest to let Japan earn dollars in the United States, as well as to assist her to increase market opportunities in other nations of the free world.

The United States will begin negotiations in February at Geneva for the purpose of bringing Japan into the General Agreement on Tariffs and Trade.<sup>4</sup> We have taken the initiative in this matter because we feel that Japan's full accession to the General Agreement would be the biggest single step which could be taken to increase her trade with the free world. In addition to negotiations with Japan on tariff concessions, the United States will consider granting some concessions to third countries which negotiate with Japan, if such concessions will assist in the expansion of Japanese exports to third countries.

### Mutual Defense Treaties

Moving southward, the big step with the Republic of China has, of course, been the mutual defense treaty now awaiting congressional approval. A measure of the success of this treaty is the fact that the Peiping radio and press is still beating the drums against it, calling it "grave provocation" and a sign of imperialist American interference in domestic affairs. By this we know that we have touched the Communists on a sensitive spot. The treaty now awaiting Senate ratification closes the gap in our island chain of defenses in the Pacific. Our mutual defense pacts now include: Japan, Korea, Formosa, the Philippines, Australia, and New Zealand—defensive alliances to be further bolstered and supplemented by the Manila Pact upon ratification. It is our firm conviction that the treaty with the Republic of China will prove to be a stabilizing factor in the Pacific, despite the fulminations emanating from Peiping. I would also like to report with a sense of satisfaction that the military and economic potential of Formosa is growing and that the spirit of cooperation of the Nationalist Government there is manifest in all our dealings with them.

The principal news about the Philippines has been the conclusion of negotiations between delegations of the two countries on proposed revisions of the 1946 trade agreement. In a spirit of friend-

<sup>3</sup> *Ibid.*, Sept. 17, 1951, p. 464.

<sup>4</sup> *Ibid.*, Nov. 22, 1954, p. 767.



ship and goodwill, the two delegations recently reached agreement on recommendations to be presented to their respective governments for consideration.<sup>6</sup> The accord which was signed on December 15, 1954, represents an effort to put the trade relationships of the two countries on a more normal and stable basis and assist the Philippines to achieve a sound, vigorous economy, in keeping with their political independence. Included in the recommendations, which will become effective only after the Congresses of the two countries have approved them, are a number of concessions on both sides. For the Philippines, the most important parts of the accord provide that the President of the United States no longer has any control over the rate of exchange of the peso; (2) liberalizes certain U. S. quotas on Philippine articles; (3) mutualizes the right to engage in business and development activities in the territory of the other; and (4) provides for more favorable tariff and trade treatment for Philippine articles than under the 1946 Trade Agreement. Among the benefits which the accord would provide the United States is the elimination of the present Philippine 17 percent tax on foreign exchange transactions. These agreements, I submit, represent the concession made mutually by good partners in the common interest of the two nations.

Now we come to an area of more controversy. The Secretary of State in his closing statement of the year 1954<sup>7</sup> conceded that the armistice in Indochina was a "setback which reflected the military reverses of the French Union." "But," he went on to say, "out of this setback there has come the Manila Pact, which, if adequately implemented, can limit the scope and consequences of the loss."

By unanimous vote of the signatories of the Manila treaty, provision was made for new members. It is to be hoped that it will grow and that uncommitted nations will see fit to join. The Bangkok meeting in itself will be a milestone in making the treaty fact, for here the mechanics of the partnership will be worked out; the treaty will become a thing of flesh and blood; the common need will unite.

The common need, of course, far transcends the military. In those areas where the subsistence level is low and starvation is an ever-present menace, the compulsion is for better housing, better

clothing, better education, machinery, and techniques.

Here I must inject a note of caution. The concept that the economic difficulties of free nations in Asia can be substantially alleviated by expanding trade with Communist China is in my opinion erroneous. The economy of mainland China is rigidly controlled by the Chinese Communist regime, and the foreign trade of Communist China is systematically regulated by the regime in terms of its political objectives and its 5-year economic development plan. No export or import trade is licensed which, in the estimation of the Communist masters of mainland China, would not serve their aggressive purposes, directly or indirectly.

The Chinese Communist interest in trade expansion is limited principally to items of industrial and military importance. The regime is committed to a program of industrial expansion designed to increase its war-making potential. It must import from the free world in order to realize its goals. In order to pay for its imports, it must export. The measure of the ruthlessness with which the Chinese Communists pursue their program is seen in the fact that exports of foodstuffs from mainland China have continued undiminished despite the catastrophic flood of last summer, which inundated an estimated 10 percent of the farm land of mainland China. The specter of starvation of additional thousands of flood victims did not for one moment deter the Communists from the exportation of food in exchange for essential items of war supplies, industrial machinery, and strategic materials such as rubber. The Communists employ food as a weapon of war. It matters not how many of its 600 millions starve. Even the Communist Army has had to be put on food rations. To carry out its objectives, the regime must build up its economic structure and war machine. The importation of "nonessential" consumer goods has no place in the Chinese Communist scheme of things. No benefit not fraught with the greatest danger could be derived by the free world countries from a large expansion of their trade with Communist China.

No, unrestricted trade with Communist China is not the answer. The answer lies in closer cooperation among the free countries from a platform of mutual security. Such a platform was constructed at Manila, and it is small wonder that while it was being built the Chinese Communists

<sup>6</sup> *Ibid.*, Dec. 27, 1954, p. 981.

<sup>7</sup> *Ibid.*, Jan. 10, 1955, p. 43.



resorted to every device of propaganda to intimidate and divide the free nations who would oppose them.

### **Nonrecognition of Communist China**

This brings me to my final point for tonight. I am often asked why the U. S. Government is firmly opposed to recognition of the Chinese Communists and giving them a seat in the United Nations. We are confronted in Peiping with an arrogant, contemptuous regime of hard-core international Communists who have played a gangster role in their relations with us and other countries, the latest example being their sentencing as spies United Nations prisoners of war held in flagrant violation of the Korean Armistice. They have thrown our citizens into jail without trial, they have tortured and brainwashed our prisoners of war, they have blackmailed our businessmen, they have confiscated our properties. They respect no law—divine, international, or domestic—unless it suits their purposes to do so. They speak not for the great Chinese people and nation but for international communism. These defiant imposters in Peiping come no closer to representing the true interests and aspirations of their country than do William Z. Foster and his cohorts in this country, or Palmiro Togliatti in Italy, or Maurice Thorez in France. They are all part and parcel of the apparatus of the international Communist conspiracy. Their objectives are the antithesis of the principles which constitute the foundation of the United Nations Charter. They are dedicated to the destruction of everything the United Nations stands for.

The regime stands convicted by the United Nations of the crime of aggression. It has not expiated that crime nor its crimes against countless innocent victims of Communist malevolence. Its admission to the United Nations would undermine the real Chinese Government, now based on Formosa, which is the one remaining hope of millions of Chinese on the mainland and scattered about the world who despise communism and refuse to accept as permanent the Communist enslavement of their country.

Our Government is opposed to any action which would strengthen the international prestige of Chinese communism or its capability for advancing its design for further conquests in collusion with Soviet communism. We should do

nothing which would betray the hopes of the Chinese with the will to resist Communist domination. Our recognition of Communist China and acquiescence in giving this contemptuous aggressor against the peace of the world a seat in an organization dedicated to maintaining the peace of the world would in our considered view have calamitous effects upon the United Nations itself and on the cause of freedom everywhere.

There is a proverb of old China that I might mention in closing. It is in the form of a question and answer. "What is the cure for muddy water?" the question goes. "Time," is the answer.

Time is on our side, as it always is on the side of the true and the free. In the long rollcall of history, nazism and fascism will be episodes only, dark incidents if you will. So, too, will communism be, although the most evil and pervasive of the three. Man was not made for, nor will he permanently endure, the cruel enslavement imposed by the ruthless bloody regimes of international communism. But his liberation will be immeasurably hastened provided we keep our heads clear and our courage strong, provided we make our working partnership with the other free nations a growing reality.

### **Observation Planes Made Available to OAS Investigating Committee**

#### **DEPARTMENT ANNOUNCEMENT**

Press release 22 dated January 12

In response to a resolution unanimously adopted by the Council of the Organization of American States this afternoon, the Department of State announced tonight that the U.S. Government will make aircraft immediately available to carry out pacific observation flights in the area affected by the current disturbance in Central America.

The Council of the Organization of American States, which is acting provisionally as the Organ of Consultation with respect to the Central American problem under the Inter-American Treaty of Reciprocal Assistance (Rio treaty), called upon all members of the Oas who are in a position to do so to place aircraft at the disposition of the Investigating Committee of the Oas for this purpose.

United States aircraft so provided will be under

the operational control of the U.S. Commander in Chief, Caribbean.

Officials of this Government are now making the necessary arrangements with the OAS.

#### OAS RESOLUTION APPROVED JANUARY 12

OAS doc. C-d-341 (English) Rev. 2

THE COUNCIL OF THE ORGANIZATION OF AMERICAN STATES, ACTING PROVISIONALLY AS ORGAN OF CONSULTATION,

Taking into account the petition and the information that the Government of Costa Rica has just presented, requesting military assistance, and

Considering that yesterday a Committee was appointed to conduct an on-the-spot investigation of the facts pertaining to the situation described by the Government of Costa Rica,

#### RESOLVES:

1. To request the Chairman of the Council to

communicate by cable with the Investigating Committee, requesting it to submit, on an urgent basis, as soon as it arrives in Costa Rica, a preliminary report on the situation existing in the territory of that Republic, in order to enable the Council to reach the decision that should be adopted in accordance with the Inter-American Treaty of Reciprocal Assistance.

2. To request the American governments that they take the necessary measures to prevent the use of their territories for any military action against the government of another State.

3. To request the governments that are in a position to do so that they place at the disposal of the Investigating Committee aircraft to make, in the name of the Committee and under its supervision, pacific observation flights over the regions affected by the present situation, with prior notification by the Chairman of the Council to the governments whose territories are traversed.

## Italy in 1955

by Clare Boothe Luce  
Ambassador to Italy<sup>1</sup>

You do me great honor today in inviting me to this table. And I can only repay you by giving you, in the customary time limit, the very best account I can of what is going on in Italy.

What does go on in Italy? Well, what goes on in America? Certainly a great deal of what goes on over there, as over here, never appears on the agenda of statecraft and is rarely mentioned in the higher journalism. From day to day, from season to season, much of what most deeply interests the Italians in Italy and the Americans in America is not the stuff of which serious speeches are made—nor columns of expertise on foreign affairs. In our home newspapers we soak up a

prodigious amount of newsprint devoted to murder trials and crimes of passion, local scandals, romances, and gossip. So do the Italians. *Chiacchiere*, the Italians call it. Such absorbing matters rarely cross international boundaries, but locally, as we know, they are a great staple of daily news.

For example, Italians are interested in their *feste*. Just as we have one TV show after another, they have one *festa* after another. They are interested in their soccer teams, their films, and their film stars. They are also talking about flying saucers, lotteries, the horse races. They are currently interested in the *quadrilatero di scorrimento*, a subject of great discussion in Rome. What is it? A quadrilateral treaty? A new formula of government? No, it's a new traffic system.

<sup>1</sup>Address made before the Women's National Press Club, Washington, D. C., on Jan. 13 (press release 20 dated Jan. 12).

The Eternal City is so congested with trucks and automobiles and scooters that the traffic problem seems to many a man on the street a more immediately dangerous one to his own life and limbs than controlling atomic weapons. Romans are talking about it, doing something about it. They talk more about lowering living costs than raising 12 German divisions; finding husbands for their daughters, jobs for their sons, and houses for their families than about finding panaceas for world peace. In fact, most Italians are primarily interested in their own and their neighbor's daily doings, their personal and private struggles, hopes, victories, and defeats, even as you and I. But all of this is not to say that the average Italian is not also fully aware of the great domestic and international problems that his statesmen and his Government must meet, grapple with, and solve if he is fruitfully to pursue his own private life and thoughts.

I want to touch briefly on three special problems which Italy confronts today: first, the problem of the state; second, the problem of economics; third, the problem of foreign relations. All three of these problems are closely intertwined.

#### **The Republic of Italy**

First, then, as to the state. It was not until 1870, after we had already fought our Civil War, that the Kingdom of Italy was formed with its capital in Rome. Under Cavour and his successors and until World War I, great progress was made under the monarchy. After World War I there came upon Italy the era of fascism, which was strong in some ways, and in some ways even popular and successful in Italy—but essentially not constitutional, not truly lawful, and in any case not destined to endure. World War II washed it out, and in 1946 the Italian people voted for a republic.

But the circumstances under which the Republic was founded were not ideal for the growth and maintenance of a vigorous young democracy. Within the context of the political realities of that period the Communists were permitted to participate in the new Italian Government along with other anti-Fascist political parties. Thus the early authority and prestige which this participation in government gave to Italian Communist leaders have undoubtedly contributed in a large measure to the political position of the Communist Party in Italy today.

Add that the physical conditions for the establishment of a republic which all could love and revere as we love ours were tragically lacking. Never a rich country, Italy suffered an appalling destruction during the war as inch by inch the Germans retreated and nearly everything destructible was destroyed. The miracle of postwar Italy was that it nevertheless did not sink into inertia and choose chaos, revolution, or despair.

Most Italians feel that the United States acted generously in helping Italy recover from the catastrophic physical destruction of the war. The Marshall plan and Eca aid and voluntary contributions of enormous size have played their splendid part in the reconstruction of Italy. Nevertheless—partly because of Allied war policies, partly because of disastrous postwar economic conditions, and partly for other reasons I shall refer to later—communism remains the major political problem in Italy.

It is not my opinion but the constantly expressed opinion of the majority of the Italian people and their leaders that they must solve this problem if the moral authority and constitutional validity of the Italian Republic are to be firmly and enduringly established.

As you all know from reading the news from Italy, the Scelba government is, at this moment, going steadily forward on this main issue of establishing the lasting validity of the democratic Republic of Italy. Specifically, the Government has set out to increase the efficiency of its bureaucracy and to emphasize the seriousness of morality in public administration. Most notably, the Prime Minister has set in motion measures to curb the extra-legal activities of the Communists. He has forced them to evacuate public and former Fascist Party premises which they seized at the end of the war. He is forcing the Communist press to conform to the laws of libel and slander. And Communists are being transferred out of sensitive positions in the bureaucracy.

Today the free press of Italy is full of statements and exhortations by Italians in all walks of life—political leaders, businessmen, intellectuals, journalists—urging the Government to pursue a dynamic and purposeful course, within the framework of the Italian Constitution, to defeat those who would drag Italy slowly behind the Iron Curtain. To stand up courageously for your beliefs in the face of fierce opposition is no easier in Italy than anywhere else. The free world owes

a tremendous debt of gratitude to all those who fight for the freedom and for the honor of the Italian Republic. It is a young democracy, and a harassed democracy, but it certainly does not lack for patriots eager and willing to defend it. Their fight is for their beloved country—but it is also for us, for free men everywhere.

### The Economic Situation

Secondly, as to Italy's economic situation. It is often said in Italy that the average Italian is better off materially than his ancestors ever were, even at the height of the prosperous Pax Romana. Economic statistics make it difficult to deny that statement. Yet, it is also a fact that there is widespread economic discontent. There is no time today to elucidate that paradox. Certainly that discontent is by no means purely economic—there exists a more generalized political and social malaise. But in economic terms, it is also true that among the masses there is much *miseria*, sheer misery, deep rooted, heartbreaking, and by American standards even inhuman. It is also true that many in the middle class, small shopkeepers and professional men, have an agonizing time making ends meet and often feel that they are the really forgotten men and women of Italy. The industrial worker and the agricultural victims of *miseria* are constantly in the public eye, and in the minds of politicians—but vast numbers of the middle class are also insisting that more attention should be given to them.

In considering the paradox of Italy's overall prosperity and widespread discontent, there is a factor we must not ignore. A standard of living and a way of life which would have been quite tolerable in Italy 50 or even 25 years ago is quite unacceptable now, just as it would be here. Fifty years ago most Italians never expected to travel out of sight of their village church spire more than a few times in a lifetime. They didn't dream of dashing off on weekends on a scooter to a sandy beach, let alone of having a Topolino automobile. Or, consider movies. Since the war thousands of new movie houses have been built—I would guess that the cinema occupies today a relatively bigger place in the life of Italy than in the life of America. Automobiles, movies—these are only two symbols of the more expensive life, the ways of communication with the modern world, which all Italians know today. And the plain fact is that

the Italians intend, indeed demand, to live a modern life in the modern world. They are no longer content to live in the 19th century, no less in the Middle Ages.

This ferment of desire—desire for progress—is bringing particularly important changes to the south, which is now undergoing both a social and an economic reawakening. There the political battle for men's loyalties is under way full swing. The Government is pressing forward with large-scale development and reform programs which the Communists are at the same time seeking to undermine and to steal the credit for. The south is today the cockpit of Italy, and it is there that the future of the Italian Republic may well be decided.

Certainly in 1955 the Republic is off to a good start. In general, the year 1954 witnessed gains, even rather striking gains, in the Italian standard of living. Here are some of the facts:

Industrial production has reached a new post-war high—at midyear 1954 the index stood at 183, as against 100 for 1938, the so-called "last normal prewar year." In 1953 the increase in the gross national product was approximately 7 percent—perhaps the highest rate of increase in all of Europe.

Moreover, there has been an increase in industrial wages—chiefly due to an agreement that the free labor unions, over the opposition of the Communist-dominated union, were able to negotiate. Inflationary tendencies have been controlled, though there are legitimate complaints about the cost of living. But industrial labor is certainly better off in terms of real wages.

The foreign trade balance shows continued improvement; exports were up some 10 percent in the first 8 months of 1954 over the same period of 1953, while imports were virtually unchanged. For that and other reasons, Italy's international payments position for the first half of 1954 improved considerably over 1953, while foreign exchange reserves continued to increase steadily, totaling \$829 million at midyear. In consequence, Italy was able to remove dollar import restrictions of various commodities, among them coal and petroleum.

That hardheaded bankers considered Italy a good credit risk was attested when the International Bank agreed to consider substantial additional loans to help the underdeveloped areas of Italy. Development in general, and, as I have said, especially in the south, proceeds apace and



is one of the most heartening things going on in that ancient but vital land.

### **A Social and Economic Program**

There are other encouraging signs for the future:

The Scelba government is working on plans for an ambitious social and economic program. If this program is carried into effect—and the heart of the matter is if the means to carry it into effect can be found—it will correct many of the festering ills that have so plagued and weakened the young Italian Republic. The Government today seeks legislation to clamp down harder on tax evaders, to send the worst offenders to prison; to reorganize the civil service; to increase construction of low-cost houses for workers; to reform the social security system; to build new and better roads; to encourage foreign private investment; to extend the already extensive land reform area; and to revise sharecropper contracts.

As for unemployment—which, by the way, was slightly down at mid-1954—there are under continuing study plans to create more jobs. A comprehensive, very long-range economic plan for Italy's future is being laid before OEEC [Organization for European Economic Cooperation] in Paris now. All this, together with a birthrate lower than most countries of Western Europe and still declining, creates a brighter picture for the long-term settlement of this problem. Several European countries, notably Germany, have evinced a desire to help Italy work out her troublesome unemployment problems—this on the altogether sound theory that if one member of the European community has serious economic problems, all the others must suffer. I think you will agree with me that this latter development—of Europeans helping Europeans—is most hopeful.

The Italian Government is well aware that there is still much to do in order that all Italians may have a proper standard of living. But even though the Italian leaders showed the wisdom of Solomon and the courage of a David, one hard fact remains: Italy does not today have the capacity to create a prosperous self-sufficient economy. Perhaps no country can these days, but Italy less than most. This hard and central fact of its national life is obvious to every Italian. I wish it were as obvious to every American. Italy needs an expanding economy in a world of

freer and expanding trade; it needs a free flow both of men and of money, of work and of investment and distribution. But isn't that exactly what we all desire? The greatest way in which we can help Italy to achieve an adequate modern prosperity, and consequently the conditions for a strong republic, is for us—for the United States—to move ahead toward the ideal which we all share. And so I hope with all my heart that our Government, both in its executive and in its legislative branches, will vigorously pursue sound and adequate means toward this goal. The immediate effect of United States leadership in this field would be to give hope to Italy and to many other countries—hope not only for greater prosperity, but hope also that men can work out their economic problems in terms of freedom.

### **Foreign Affairs**

And this leads, lastly, to foreign affairs. The year 1954 has been a very good year for Italy in its international relations. A few months ago when EDC collapsed in France, the gloom was thick in all NATO countries, especially Italy, where the Government had based its foreign policy firmly on European integration. Naturally there was some joy among those in Italy who desired to see Italy become a satellite of the Kremlin. They believed that the collapse of Western policy marked the collapse of Italy's pro-Western government. They began to trumpet sounds as though they were going to take over. Then came the plans for the London Accords in October. A new Italian foreign minister, Signor Martino, a distinguished liberal, took office on a Monday. On Tuesday he went to London. A few days later he returned, having participated energetically and constructively in the formulation of the agreement which led to Western European Union—to the great delight of all patriotic Italians.

At about the same time the troublesome Trieste question was finally resolved. The return of Trieste to Italy was a cause of deep satisfaction to the Italian people. For Trieste is not only a symbol of Italian unity, it is also a fine and handsome city—where, I may add, American soldiers left behind a most friendly and agreeable memory. Moreover, Trieste has the potentialities of becoming a prospering industrial area—again, if the means can be found to develop its capacities.

On the part of the Italian Government, and of



Italian leadership generally, the decision to make the Trieste settlement was taken largely in terms of advancing the whole cause of international peace and good will. Once again, the free world owes a debt of gratitude to the statesmanship that the Italians displayed in resolving this difficult problem.

Italy's statesmanlike approach to the Trieste problem and recent wholehearted support which all non-Cominform parties in Italy gave WEU—both of these recent events illustrate the dominant theme of Italian foreign policy, namely, the desire of overwhelming numbers of Italians for maximum international cooperation throughout the free world and for European union in particular.

We have already emphasized, in speaking of economics, that it is to Italy's obvious advantage to have both European union and the maximum of international cooperation. In this context, and only in this context, can Italy be expected to achieve an adequate economic life. By the same token, the establishment in Italy of a strong democratic state also depends to a considerable extent upon the continuing success of democratic institutions in other countries, upon the mutual reinforcement of the democratic ideal throughout the free world.

To be sure, a healthy patriotism has its uses in Italy as it does in the United States, in Great Britain, and in other lands. Indeed, the "internationalism" which we seek today is one which is based on peoples' love of their own country and respect for their own democratic institutions, and creation of their own political patterns in the pursuit of freedom. So also in the economic field, each country has a primary responsibility for the sound development of its own economic-social life. But in the age of jet propulsion and atomic fission a vigorous local democracy and vigorous local economy depend more and more upon the mutual reinforcement of democratic institutions and techniques of prosperity throughout the nations of the free world.

The case of Italy vividly illustrates this 20th century fact of life. In Italy as in America the problem of the state, the problem of economic development, and the problem of foreign affairs are—all three of them—closely knit together. In James Reston's graphic phrase: "Every place is the same place now." Thus, the major theme of Italian foreign policy is, in fact, the major theme of the highest statesmanship of our time—the ef-

fort of free nations and free men to live in amity and security and in good partnership, rendering mutual aid in order that all may enjoy the fruits of honest and intelligent labor.

To sum up, Italy considers that 1954 was a successful year in both domestic and foreign policy because in a number of specific internal matters, as well as in the grand alliance of the West, the prospects for effective cooperation with the forces of freedom were enhanced throughout the world. As Prime Minister Scelba has said: "Italy's foreign policy of collaboration with the West is no longer a party policy but has become a national policy."

Today the complexity of the problems which face us is only exceeded by their size. Nevertheless 1954 in Italy shows that they are capable of solution if we have the will as well as the wit to solve them.

At the beginning, then, of 1955, may we all go forward together—we and our Italian allies—in our mutual hopes and aspirations. For their realization we depend on the devoted service of men and women in all ranks of public office. Here let me say how much we owe to the hundreds and hundreds of devoted servants in our own Foreign Service and in the foreign services of other countries. But we depend no less, and even more, upon the responsible citizens of every country—upon the truly patriotic citizens who make a real effort to understand the problems of others and to contribute their share of effort, and even of sacrifice, to the common good.

May I say, in closing, that we who try to serve our country and its great cause of peace abroad depend—and we know how much we depend—on you. I know your high ideal: That the truth be told. That it be told with clarity. And that it be told, insofar as possible, in a spirit of charity. It is just so that many of you who have come by way of Rome have told the Italian story in 1954.

## **OEEC Publishes Report on U. S. Investment in Europe**

The development of U.S. private investment in Europe and the overseas territories of European powers has a major bearing not only on international financial relations but also on economic expansion and the spreading of modern tech-

niques. As part of an attempt to create conditions more conducive to such investment, the Organization for European Economic Cooperation (in which the United States participates although it is not a member) last year organized a meeting between European experts and American businessmen. OEEC has now published a report, *Private United States Investment in Europe and the Overseas Territories*, which gives particulars of the statutory regulations and administrative provisions that apply to such investment and recommends various measures likely to encourage it. This 137-page report is available at \$1.25 from the OEEC Mission, Publications Office, 2002 P St. NW., Washington 6, D.C.

## New Year's Greeting to the People of Germany

by James B. Conant  
U. S. High Commissioner for Germany<sup>1</sup>

I am very happy on this New Year's Day to bring to the Germans in East and West the best wishes of the American people and of my Government, as well as my own personal wishes for the New Year.

As we enter the year 1955, the German people is still tragically divided. To help bring about a reunification in freedom remains one of the most solemn obligations of my Government. In the elections of December 5 the citizens of Free Berlin also spoke for their countrymen in the Soviet Zone and the whole world took note. The same SED [Sozialistische Einheitspartei Deutschlands] which in the unfree elections of October 17 in the Soviet Zone tried to prove its claim that it is the "party of the people" was unable to elect a single candidate in the free elections in West Berlin. It seems to me that, after thus living up to its reputation as a stronghold of the free world, the city of Berlin can enter the new year with a feeling of real pride.

But one cannot live on pride alone. I am therefore particularly happy that during the last year 18,000 apartments were built in West Berlin and the number of unemployed decreased by almost 55,000. It is my sincere wish for all Berliners

<sup>1</sup> Translation of message broadcast in German over station RIAS at Berlin on Jan. 1 (Hicog press release dated December 31).

January 24, 1955

328423-55-4

that this favorable development will continue and that Berlin—even more than before—will participate in the economic recovery of West Germany. The Government of the United States will continue to do its share for the economic assistance of Free Berlin.

Permit me to say a few completely personal words. I should like to speak to you now not as High Commissioner—with the ratification of the Paris treaties this title will disappear anyway. I would like to address myself particularly to the younger listeners in the Soviet Zone.

You, my young friends in the Soviet Zone, never had the chance to live in a free society, where you could freely form your own opinions and freely express them. You are living under a regime which tries to force an official ideology on all people in its power, a regime which persecutes and suppresses all criticism of this official ideology. You are living under a regime which permits neither an election campaign nor real elections.

This fear of free discussions and of the will of the people is the clearest admission of weakness. I am convinced that such a regime cannot permanently endure and that it will not be able to prevent the reunification of Germany in freedom.

I wish you all a happy New Year. Especially to those whose horizon is darkest—to you I would like to say: We shall not forsake you.

## U. S. Replies to Soviet Query on Remarks of General Stevenson

*On January 11 the following aide-memoire was delivered to the Embassy of the U.S.S.R. at Washington in reply to an aide-memoire presented to Under Secretary Hoover on December 16 by Soviet Counselor of Embassy Anatoli F. Dobrynin.*

### U. S. AIDE-MEMOIRE

Press release 12 dated January 11

The Department of State refers to the aide-memoire dated December 16, 1954 from the Embassy of the Union of Soviet Socialist Republics regarding statements reported to have been made by the Commander of the Forty-ninth Air Divi-

sion, General John D. Stevenson. The Embassy's aide-memoire, in quoting General Stevenson, selected certain statements out of context. A closer examination of General Stevenson's remarks would have shown that he had given particular attention to the completely defensive nature of the mission of the unit under his command within the North Atlantic Treaty Organization framework.

The United States Government feels that General Stevenson correctly emphasized the defensive nature of NATO. If the NATO countries were not convinced of the need to take effective collective measures to counter the threat posed by the high level of armaments possessed by the Soviet Union and its satellites and if the NATO countries were not disturbed by the unwillingness of the Soviet Union to negotiate just solutions of outstanding European problems, there would be no necessity for maintaining the strong defensive forces which they have been compelled to organize. Under present circumstances, however, the United States and the other nations of the Free World have no alternative but to maintain such strong defensive forces.

#### **SOVIET AIDE-MEMOIRE OF DECEMBER 16**

[Unofficial Translation]

According to English press, Commander of the 49th American Aviation Division based in England, General Stevenson, stated on December 10 of this year at Bentwaters Airport (England) that in the composition of his division were bombardment planes which are intended for the delivery of an atomic attack against the Soviet Union, and that this task was given to the division 2½ years ago.

Inasmuch as this statement of an official representative of the armed forces of the United States of America is incompatible with normal relations existing between the U. S. S. R. and the U. S. A., the Soviet Government would wish to receive clarifications from the Government of the U. S. A. with regard to whether the information in the press regarding the nature of the statement of

General Stevenson is correct and, if it is correct, then how the Government of the U. S. A. evaluates this statement.

#### **Wheat and Cotton Agreement With Yugoslavia**

The Department of State announced on January 7 (press release 9) that representatives of the U.S. Government had signed an agreement with the Yugoslav Government at Belgrade on January 5, providing for the sale and delivery of 425,000 tons of wheat, and cotton to the value of \$10 million. At current market prices, the commodity value of the wheat (excluding ocean freight) is about \$28 million. These commodities will be made available to Yugoslavia pursuant to title I of the Agricultural Trade Development and Assistance Act (Public Law 480, 83d Congress). The wheat will help alleviate food shortages in Yugoslavia, which has suffered its third wheat crop failure since 1950.

A substantial part of the dinar proceeds under this program will be made available to support Yugoslavia's economy, so that it can maintain an adequate defense posture. The balance of the proceeds will be used to meet U.S. expenses in Yugoslavia.

The new program brings to 860,000 tons the amount of wheat to be provided to Yugoslavia under various programs for the current fiscal year. Shipments of wheat from the United States previously authorized under other authorities and announced to the press have amounted to 435,000 tons, of which 275,000 tons have been furnished under title II of the Agricultural Trade Development and Assistance Act, 10,000 tons as part of the Danube River flood relief program for six countries suffering crop damages, and 150,000 tons under section 402 of the Mutual Security Act of 1954.

## Report of the Validation Board for German Dollar Bonds September 1, 1953–August 31, 1954

*Following is the text of a report on the activities of the Validation Board for German Dollar Bonds, covering the period from the Board's inception through August 31, 1954, which was transmitted to Secretary Dulles on December 17 by Douglas W. Hartman, U.S. member of the Board.*

### I. Introductory Remarks

#### a) FUNCTION

The validation of German Foreign Currency bonds, the settlement terms for which were agreed in the London Debt Agreement, signed on February 27, 1953, was undertaken by the Federal Republic of Germany in consultation and agreement with other nations concerned, including the United States. Substantial amounts of these securities had been deposited in vaults of banks in Berlin prior to and during the war, and after the occupation of Berlin by the Soviet armies these securities disappeared. Most of them were bonds which had been repurchased by the issuers for amortization purposes or which had been acquired for such purpose by the Conversion Office for German Foreign Debts, the Golddiskontbank or other agencies.

Cancellation became generally impossible after the outbreak of the war in Europe in 1939; one reason being that the trustees outside of Germany whose participation as a rule was necessary could no longer be reached. The greater part of the securities so deposited in Berlin which disappeared during the Soviet occupation were dollar bonds offered in the United States. The total face amount of these bonds is estimated at about \$350,000,000. Thereafter, some of these looted bonds made their reappearance on international markets. The elimination of such "bad" bonds is the essential task of the validation procedure which, as far as dollar bonds are concerned, has

been conferred upon a mixed American-German Validation Board in New York.

The successful execution of this procedure is imperative not only in the interest of the issuers (who will be protected from having to honor bonds a second time), but also in that of the holders of lawfully acquired German dollar bonds (further servicing of which would be endangered if it proved necessary to service "bad" bonds on a major scale), and in the interest of the security of the states of the free world. If sales of "bad" bonds were made to any great extent, a substantial amount of dollars would become available for use in subversive activities.

#### b) LEGAL BASIS

The Validation Board has been established as an American-German agency as provided by the Agreement of February 27, 1953, between the United States and the Federal Republic of Germany.<sup>1</sup> The activities of the Board are governed by

the Law for the Validation of German Foreign Currency Bonds enacted under date of August 25, 1952<sup>2</sup> (Bundesgesetzblatt, Part I, Page 553), in connection with

the above mentioned American-German Agreement (published in the Bundesanzeiger No. 50, March 13, 1953) and

the American-German Treaty, dated April 1, 1953<sup>3</sup> (which was ratified by the United States Senate on July 13, 1953 and, after ratification by the Legislature of the Federal Republic of Germany, published in the Bundesgesetzblatt 1953, Part II, Page 301) as well as

<sup>1</sup> For text of the Agreement, see BULLETIN of Mar. 9, 1953, p. 376.

<sup>2</sup> For an article on the Validation Law, see *ibid.*, Oct. 20, 1952, p. 608.

<sup>3</sup> *Ibid.*, May 4, 1953, p. 666.



by the First, Second, Seventh and Eighth Implementing Ordinance (Bundesgesetzblatt 1953, Part I, Page 31, Bundesanzeiger No. 50, March 13, 1953, Bundesgesetzblatt 1953, Part I, Page 1522, and Bundesgesetzblatt 1954, Part I, Page 263), enacted by the German Federal Government under the Validation Law mentioned above with the consent of the United States Government.

The English texts (solely authentic in the United States according to Article IV of the Treaty dated April 1, 1953) of the legislation described in the foregoing paragraph are contained (except the two last Implementing Ordinances) in the Message of the President to the Senate of the United States of April 10, 1953, Senate Document 83rd Congress, First Session, Executives D, E, F and G, Pages 143-144 and 153-201.

#### **c) ESTABLISHMENT OF THE BOARD AND THE DEPOSITARIES**

The Validation Board commenced operations in the spring of 1953. The Board immediately took up the preparation of the procedures for the opening of registration at the earliest date practicable.

At this stage the assistance of the Amt fuer Wertpapierbereinigung, Bad Homburg v.d.H., with the comprehensive background experience acquired in the validation of German Reichsmark securities, and the assistance of the U.S. Securities and Exchange Commission in Washington, D.C., were of extraordinary value.

Of special importance, furthermore, for setting the validation procedure in motion was the appointment of The National City Bank of New York as the General Depositary and J. P. Morgan & Co. Incorporated as the Special Depositary for the Board pursuant to Article 2, paragraphs 1 and 2 of the Second Implementing Ordinance under the Validation Law. The appointments were made on July 24, 1953, by the German Federal Minister of Finance, Herr Fritz Schaeffer, during a visit he paid to the United States. With the Special Depositary—J. P. Morgan & Co. Incorporated—are deposited the bonds of the Dawes, Young, and Prussian Loans, while all other securities subject to validation, e. g. those of the Conversion Office, the German states (Laender), cities and private companies, are deposited with the General Depositary, The National City Bank of New York.

#### **d) COMPOSITION OF THE BOARD: OFFICE LOCATION**

The Validation Board is a mixed American-German Agency. It consists of the American Member, Douglas W. Hartman, and the German Member, Dr. Walther Reusch. Richard D. Kearney is the Deputy United States Member and Dr. Walther Skaupy and Dr. Walter Clemens are the Deputy German Members. David A. Stretch is the Board's Chairman acting in cases wherein the American and German Members disagree (see Section 2, paragraph f of the United States-German Agreement of February 27, 1953).

The German Member of the Validation Board is also the Foreign Representative of the Federal Republic of Germany for the Validation of German Foreign Currency Bonds in the United States (see Section 2, paragraph c of the Agreement of February 27, 1953; Section II, c (8) and Section IV, c, d and e of this report).

During the period covered by this report the Validation Board had a staff of fourteen persons, consisting of the Secretary to the Board, two legally trained examiners, three banking experts, and eight stenographer-typists and clerks.

The cooperation between the United States and German elements of the Validation Board has developed in a most harmonious and satisfactory way and proves again the practicability of such small mixed agencies in working out special international problems. A great amount of work has been accomplished smoothly within a comparatively short period by the Germans and Americans working together on the Validation Board.

The Board's offices are located on the 36th floor of 30 Broad Street, New York 4, N. Y.

## **II. Execution of the Validation Procedure**

#### **a) PUBLICITY**

From August 26, to August 30, 1953, the Board's first advertisement appeared in 25 English and 6 German language newspapers and periodicals in the United States and its territories. This advertisement announced the beginning of registration on September 1, 1953, and contained the essential information concerning the securities subject to validation and their registration (Exhibit 1).<sup>4</sup> At the same time, hundreds of American newspapers and periodicals pub-

<sup>4</sup> Not printed.



lished news stories or comments on the validation procedure. Before the end of August, 1953, registration forms and explanatory pamphlets were distributed to more than 20,000 banks and brokerage firms in the United States as well as to many banks and other interested agencies in the rest of the world. The explanatory pamphlet contains on six pages detailed information on the validation procedure (Exhibit 2).<sup>4</sup>

The activities of the Board have been very well publicized throughout the period of this report, not only by New York newspapers and financial periodicals, but also throughout the United States. The German language press time and again commented upon the Board's work and the necessity of validation. Radio reporters also cooperated. In spite of the complexity of the subject matter, the reporting was substantially accurate.

During the period covered by this report, the Board has issued nineteen press releases which were given good coverage.

Early in April, 1954, a second notice to bondholders was published in forty English and twelve German language newspapers and in mid-August 1954, a third such notice was published. The latter appeared in 36 English and 14 German language newspapers and periodicals in all parts of the United States and in its territories.

Particular stress has been laid upon informing the German language press throughout the United States inasmuch as a very considerable part of these bonds was believed to be in the hands of Americans of German descent.

#### b) REGISTRATION

(1) Through its advertisement and the other reports of the Board, the great majority of the holders of German dollar bonds in the United States and its territories obviously were reached; almost half of all of the bonds registered to date came to the Board during the first two months of the registration period, namely in September and October of 1953. The endeavours of the Board and the cooperation of banks, brokers, dealers and the press also, in due time, reached the bondholders in the rest of the Western hemisphere and in Europe from where registrations have been received in increasing amounts, especially since December of 1953.

(2) During the period covered by this report (September 1, 1953 up to and including August 31, 1954) 33,610 registrations covering 146,912

bonds in the face value of \$124,796,400 have been received.

For more detailed information statistical tables have been appended hereto which set forth the following information:

(aa) The number of registrations and the total amount received by month and by depositary (Exhibit 3).

This table demonstrates, among other things, that most of the registrations, by number of pieces as well as by face amount, were received during the first three months of the registration period and that there has been a considerable reduction during the last months.

(bb) Geographic distribution of bondholders, covering the first three months and the full year of registrations, by depositary (Exhibit 4).

By far the greater part of the registrations come from the United States and are widely distributed. There has been heavy registration from New York, New Jersey, Connecticut, Massachusetts, Pennsylvania, Washington, D. C., Florida, Michigan, Minnesota, Missouri, Ohio, Wisconsin, Illinois and California.

During the latter months of the registration period, especially since the beginning of the year, the registrations from countries other than the United States have increased considerably, so that registration for the United States, which stood around 90% of the total registration during the first three months, fell off to about 70% of the total when the whole period is considered.

Among other countries, Switzerland leads with about 20% of the total face amount of registrations; then follow Great Britain (including, for statistical reasons, Eire) with 1.7%, and France, including Algeria and Morocco, with 1.3%. Besides the areas mentioned, only "all other South American countries" (including Uruguay) and Canada registered total amounts exceeding one million dollars; the Netherlands follow with just below one million.

(cc) With each registration form have been submitted on an average:

during the first three months	4.625 bonds with a face value of \$3,848.80;
with the Board's General Depositary	2.5 bonds with a face value of \$2,373.50;
with the Board's Special Depositary	6.75 bonds with a face value of \$6,736.00;
during the whole period covered by this report	4.625 bonds with a face value of \$3,742.80;
with the Board's General Depositary	3.45 bonds with a face value of \$2,620.20;
with the Board's Special Depositary	5.8 bonds with a face value of \$5,653.40.

These figures disclose a wide distribution of the bonds in relatively small holdings, as forecast by the Foreign Bondholders Protective Council, 90 Broad Street, New York City.

(dd) During the period covered by this report, 723 of the 33,610 registrations filed cover bonds with a face value of \$25,000 or more. The total face amount of registrations covering \$25,000 or more is \$40,971,000.

104 of those registrations cover in each case bonds with a face value of \$100,000 or more; total face amount: \$20,717,600 or about 17% of the aggregate face amount of bonds registered with the Board. Only 14 registrations each represent bonds with a face value of \$300,000 or more (total face amount \$7,287,000 or barely 6% of the total face value of all bonds registered). The greatest amount covered by one registration form amounted to \$847,000.

According to the instructions on the registration form the registrant is requested to file separate applications for bonds of different issues. Some registrants, therefore, filed several applications or several registrations have been submitted on behalf of one bondholder. When taking into account such cases the greatest holdings are as follows:

three from one million to 1.6 million dollars;  
three from 500,000 to 800,000 dollars;  
eight from 300,000 to 500,000 dollars.

The evidence in each of these large registrations shows that the bonds covered were already held by owners prior to and on January 1, 1945. According to certifications by well known American and English banking institutions they were located on such date within the United States or in London.

More detailed information on the registrations covering bonds with a face value of \$100,000 or more may be found in exhibit number five.

A breakdown of these registrations into several classifications, shows in particular that a relatively large percentage of these applications have been filed on behalf of trusts and that they include substantial amounts registered for scientific, educational, church and welfare institutions in the United States and to a smaller extent in Switzerland and some other countries.

(3) The registration period was fixed to begin on September 1, 1953, and to expire on August 31, 1954; it has been extended to and including August 31, 1955, by the Eighth Implementing Ordinance (of August 16, 1954) under the Validation Law (see I b above).

When the amount so far registered with the Board is added to the aggregate face amount of the bonds which, according to the latest information available, might come under the program for collective validation of bonds held in European countries (see IV-a- of this report) and of the bonds which will probably be validated as so-called *Inlandsstuecke* (bonds held in Germany on January 1, 1945), the total face value so accounted for appears to be about \$200,000,000. This figure in turn is not too far from the amount which, according to more recent estimates, is believed to be legitimately outstanding. Therefore, it can be

assumed that future applications for validation will not approach the amounts registered during the period covered by the report.

#### c) REVIEW OF REGISTRATION

(1) The Validation Board had first to submit information on every registration to trustees and paying agents as well as to issuers and examining agencies in Germany and request comment thereon as provided for in Article 22, paragraph 4, and Article 24, paragraph 2 of the Validation Law. Such information is submitted by the depositaries, acting on behalf of the Board, through lists of serial numbers or copies of the registrations. One of the most important sources of information has proved to be the examining agencies which were able to assemble from their own records and in cooperation with issuers, trustees, and other agencies a comprehensive amount of information. A considerable lapse of time, however, is unavoidable between the registration of a bond and the receipt by the Board of the pertinent statements from the examining agencies, trustees, etc. This lapse of time at the outset of the procedure was often three months and more. The cooperation of the examining agencies with the Board was strengthened considerably following a trip to Germany of the Board's American Member, Mr. Hartman, in April and May, 1954.

Information furnished to the Board by the *Amt fuer Wertpapierbereinigung* in Bad Homburg v.d.H., Germany, has also been of great value.

(2) However, the period between registration and receipt by the Board of the statements of examining agencies etc., was not wasted. The Board conducted a preliminary examination of registrations which had the beneficial result of obtaining necessary additional data and evidence. This procedure was of great importance in enabling the Board to reach its decision, in most cases, soon after the opinions mentioned under (1) above were in hand.

(3) Subject to receipt of the necessary statements of the examining agencies, etc. applications were processed in the order in which the various issues were listed in the press announcement of August 26, 1953 (see exhibit 1) and in the order of receipt of such registrations by the Board. In spite of a very heavy work load, the Board, as a rule, was able to observe the six months' time limit prescribed in Article 5, paragraph 3 of the Second

Implementing Ordinance under the Validation Law. In those cases where the rule could not be observed, the authority provided in the Second Implementing Ordinance under the Validation Law had to be made use of (see the observations under 6 below).

(4) During the first six months of registration, i. e., up to February 28, 1954, the Board had received bonds in a total face amount of \$90,129,500 and had validated bonds with a face amount totaling \$43,019,800.

At the end of the next three months, i. e. through May 31, 1954, registrations totalled \$115,101,600 of which \$80,311,900 were validated.

At the end of the period covered by this report, a total of \$124,796,400 face amount of bonds had been registered with the Board through both depositaries and bonds in a face amount of \$93,579,900 had been validated; \$55,621,400 thereof had been registered with the General Depositary and \$38,820,100 thereof validated. \$69,175,000 had been registered with the Special Depositary, \$54,759,800 of which had been validated (see Exhibit 6).

(5) As of August 31, the Board had not invalidated any bonds although in possession of a considerable number of registrations against which there is substantial opposing evidence. Some of these registrations represent fairly large amounts. The procedure, however, has not yet been completed in any of these cases. The reason for this may, in particular, be found in the ample time limits the Board allows to the parties concerned for submission of additional evidence and other statements.

(6) A large part of the registrations, especially those which came from outside the United States, were accompanied by insufficient evidence or no evidence at all. Therefore, it has been necessary to enter into extensive, and often time-consuming, correspondence with registrants and other persons or agencies. On the other hand, there were many registrations, especially those from the United States, which were accompanied by very good evidence.

(7) In this connection it should be noted that the Validation Board must conduct a very careful examination of registered bonds in accordance with the legal requirements of the Validation Law and the agreements between the Federal Republic of Germany and the United States of America regarding validation.

The primary purpose of the examination is to determine the location of the registered bonds on January 1, 1945. The jurisdiction of the Validation Board covers the validation of German dollar bonds which at said date were "outside of Germany" within the meaning of Article 3, paragraph 2 of the Validation Law. Only such bonds are, under the applicable legislation, to be validated by the Board. On the other hand, the jurisdiction of the Validation Board does not extend to problems regarding title to bonds registered for validation. Controversies on such issues are left to the courts. In order to explain these points the Board has had to engage in a considerable amount of correspondence.

(8) According to paragraph 3 of Article 63 of the Validation Law, a registrant is entitled to obtain from the issuer reimbursement of expenses "necessarily incurred by him by virtue of the registration and the examination proceeding . . .".

The Validation Board makes the decision as to whether counsel fees may be allowed in any particular case and as to the amount of such fees, if allowed. The Board, in general, has followed the rule that the services of attorneys are not necessary in the normal registration because the instructions which are included in the registration forms and the detailed supplementary information contained in the explanatory pamphlet, distributed widely and without charge, are readily understandable by the layman.

Under the procedure provided in Article 12 of the Agreement of February 27, 1953, and in Article 63, paragraph 5 of the Validation Law, the reimbursement of expenditures other than counsel fees, may be granted on behalf of the issuers by the German Member of the Validation Board in his capacity as Foreign Representative of the Federal Republic of Germany (see Section I c of this report). As far as such expenditures include bank, broker and similar fees, the Foreign Representative, as a rule, followed recommendations which he had obtained before the first decisions were made from prominent representatives of the New York financial community.

#### **d) VALIDATED BONDS**

The Validation Board established with its depositaries a procedure under which the registrant is permitted, at the time of registration, to elect either to have his old bonds returned to him after validation (with validation certificates affixed

thereto), or to have the old bonds exchanged for new bonds. If at the time of validation an exchange offer has not yet been made the depository is prepared to retain the validated bonds for the registrant until it may be exchanged for a new one.

The Validation Board is required under paragraph 5 of Article 5 of the Second Implementing Ordinance under the Validation Law to cause a "forgery proof certificate" (Validation Certificate) to be affixed to validated bonds which are returned to the registrant instead of being exchanged. The affixation of this certificate is carried out by the competent depository, pursuant to the order of the Validation Board.

During the period covered by this report, bonds in the face amount of \$93,579,900 have been validated by the Board. Of this total amount certificates have been attached to bonds in the face amount of \$55,104,600, of which \$28,441,500 of a total of \$38,820,100 validated were handled by the Board's General Depository, and \$26,663,100 of a total of \$54,759,800 validated were handled by the Board's Special Depository. \$14,990,400 of the \$26,663,100 face amount of Dawes, Young and Prussian Bonds to which validation certificates have been affixed were subsequently exchanged by the Special Depository under the applicable exchange offer of the Federal Republic, dated October 6, 1953.

#### **a) INFORMATION**

During the period covered by this report the Validation Board has, in addition to the publicity mentioned above in (a), given a great deal of information through correspondence, by telephone and in person to individuals, organizations, governmental agencies, Members of Congress, lawyers and newspaper men. Most of these inquiries came from the U.S., but many were also received from Germany and many other countries. To cover certain groups of inquiries form letters were prepared. Most of these inquiries, however, had to be answered individually.

However, the Validation Board has had to refuse to answer certain questions because of legal restraints. This occurred, for instance, where information on specific registrations or groups of registrations was sought in which the inquirer did not have a direct interest. Article 22, paragraph 4 and Article 24, paragraph 2 of the Validation Law limit those entitled to be informed as

to the content of registrations (such as names of registrants and beneficial owners) to the trustees, paying agents, examining agencies and issuers. Furthermore, the American Member of the Board considers himself subject to the provisions of Title 18, Section 1905 of the United States Code, and, therefore, strictly limited as to the type of information which he can release.

#### **III. Expenses of the Validation Procedure**

According to Article 13, paragraph (a) of the Agreement Between the United States and the Federal Republic of Germany, dated February 27, 1953, the costs resulting from the implementation of the Validation Law in the United States will be paid by the Federal Republic of Germany. Up until August 31, 1954, total costs to the Federal Republic of Germany for the validation procedure in the United States amounted to \$448,354.65. Almost two-thirds of this sum was devoted to paying the fees of the Board's depositories, expenses for the public announcements (see Article 5 of the afore-mentioned Agreement, dated February 27, 1953) and printing expenses including those for the steel engraved validation certificates. Part of these expenses, the amount of which has not as yet been determined, will have to be reimbursed to the Federal Republic of Germany by the German issuers according to Articles 63 and 64 of the Validation Law.

#### **IV. Related Problems**

##### **a) COLLECTIVE VALIDATION**

The possibility of collective validation of German Foreign Currency Bonds is provided under Articles 13 and 55 to 58 of the Validation Law. Collective validation takes place after application of the issuers, by decision of the Federal Minister of Finance in conjunction with the Federal Minister of Justice.

During the period covered by this report the Consolidated Hydro-Electric Works of Upper Wurttemberg, 7% First Mortgage Thirty-Year Sinking Fund Gold Bonds, due January 15, 1956 (C IV No. 12 in the Schedule of Foreign Currency Bonds attached to the Validation Law) were collectively validated, affecting 333 bonds in the total face amount of \$311,000 which had been deposited with the Board's General Depository. Also during the report period the German Federal Government and the Government of the United



States of America, through an exchange of notes, have agreed to the collective validation of not to exceed \$62,000,000 in face amount of German Dollar Bonds which are located in Europe and which were held by Belgian, British, Luxembourg, Swedish or Swiss interests on January 1, 1945.

The Validation Board as such is not concerned with the matter of collective validation except to the extent that provision has been made for the affixation of its validation certificates (see Section II d of this report) to collectively validated bonds which are not submitted in exchange for new bonds or redeemed. The validation certificates have already been affixed to the 333 bonds of the Consolidated Hydro-Electric Works of Upper Wurttemberg previously referred to.

#### **b) TRADING IN GERMAN DOLLAR BONDS**

The Validation Board does not have jurisdiction with respect to problems arising out of trading in German dollar bonds. Nevertheless, there is a relationship in fact between the activities of the Board and such trading. This relationship arises in large part as a result of regulations of the Securities and Exchange Commission in Washington, D.C. When that Commission on January 11, 1954, lifted its ban on trading in German bonds it provided that those bonds which require validation might not be dealt in by banks, brokers, or security dealers, "... unless (a) such security has been duly validated, and (b) if such security is a dollar security, there is attached a document of the Validation Board for German Dollar Bonds certifying to the validation of such security." (SEC order 34-4983 of January 11, 1954).<sup>5</sup> The Validation Board has kept the SEC informed at all times as to the progress which it has made in validating bonds.

#### **c) GERMAN FOREIGN CURRENCY BONDS OTHER THAN DOLLAR BONDS AND DECLARATORY DECREES**

Pursuant to Article 18 of the Validation Law, the German Member of the Validation Board in his capacity as German Foreign Representative (see Section I -d- of this report) provides facilities for receipt and transmission to the competent authorities of registrations of German Foreign Currency Bonds which are not subject to the jurisdiction of the Board (for example, £ Sterling or Swiss franc bonds or dollar bonds held inside

Germany on January 1, 1945). The same applies to applications for declaratory decrees. During the period covered by this report quite a substantial number of such registrations have been received and were forwarded to the competent authorities. In addition, advice regarding such registrations has been given to a large number of individuals.

#### **d) RESTITUTION MATTERS**

Special problems have arisen in connection with cases concerning the restitution of German Dollar Bonds which were confiscated in Germany during the Nazi regime. The decision in these cases falls within the competence of the various Chambers for the Settlement of Securities in the Federal Republic and West Berlin. The Foreign Representative, however, assists registrants in these cases by giving them advice and forwarding their applications.

#### **e) VALIDATION OF REICHSMARK SECURITIES**

The German Member of the Validation Board is likewise in charge of the German Security Settlement *Advisory Agency*. In this capacity he is required to disseminate information regarding the validation of Reichsmark securities. It was necessary to devote a substantial period of time during the registration period to this task.

#### **V. Cooperation With the Board**

Mention has already been made of the valuable assistance the Board has received from other agencies and organizations, firms, individuals and the press, some of which have been previously mentioned by name, e. g. the Amt fuer Wertpapierbereinigung, the Securities and Exchange Commission and the depositaries (The National City Bank of New York and J. P. Morgan and Co. Incorporated).

We regret that space does not allow us to enumerate all agencies and persons without whose assistance or cooperation the work which has here been reported could not have been achieved.

However, the Board would not wish to conclude the report without calling special attention to the assistance which has been rendered to it by the Office of International Finance of the United States Treasury Department and the Federal Reserve Board in Washington, D. C., the Bank Deutscher Laender in Frankfurt on Main, the

<sup>5</sup> *Ibid.*, Feb. 1, 1954, p. 159.

Federal Reserve Bank of New York, the Foreign Bondholders Protective Council, Inc., the United States Committee for German Corporate Dollar Bonds, the two Stock Exchanges in New York, the National Association of Securities Dealers, the Swiss Bankers Association in Basle, Doremus and Company, New York (in public relation matters),

as well as the American Bank Note Company, New York, which engraves the validation certificates.

# VALIDATION BOARD FOR GERMAN DOLLAR BONDS

DOUGLAS W. HARTMAN

*United States Member*

Dr. jur. WALTHER REUSCH

*German Member*

[Exhibit 1—press announcement to holders of German dollar bonds issued on August 26, 1953, by the Validation Board.]

[Exhibit 2—explanatory pamphlet for use in connection with preparation and filing of Registration Form for Validation of German Dollar Bonds in United States.]

## Exhibit 3

### REGISTRATIONS AS OF AUGUST 31, 1954, BY MONTHS AND DEPOSITARIES

	J. P. MORGAN		NATIONAL CITY BANK	
	Registrations	Face amount	Registrations	Face amount
September 1953 . . . . .	3,363	\$23,536,800	6,244	\$15,108,400
October . . . . .	1,829	12,257,800	3,824	8,708,100
November . . . . .	843	4,857,400	1,742	4,214,700
December . . . . .	680	4,302,000	1,370	4,304,100
January 1954 . . . . .	858	4,120,500	1,193	4,264,300
February . . . . .	1,288	5,721,900	1,212	3,733,500
March . . . . .	806	4,321,800	1,128	3,291,100
April . . . . .	783	3,456,900	1,502	4,519,000
May . . . . .	545	1,720,800	1,057	2,662,500
June . . . . .	480	2,284,000	709	1,664,300
July . . . . .	321	710,000	767	1,522,100
August . . . . .	440	1,890,100	626	1,629,300
Total . . . . .	12,236	\$69,180,000	21,374	\$55,621,400

## Exhibit 4

### GEOGRAPHICAL LOCATION REPORT OF HOLDERS OF BONDS DEPOSITED FOR VALIDATION

(Amount of figures expressed in thousands of dollars)

Location	For the period Sept. 1, 1953 to Nov. 30, 1953			For the period Sept. 1, 1953 to August 31, 1954		
	Nat'l. City Bank	J. P. Morgan	Total	Nat'l. City Bank	J. P. Morgan	Total
Alabama . . . . .	55.5	48.1	103.6	68.4	66.1	134.5
Arizona . . . . .	42.5	133.3	175.8	59.2	145.3	204.5
Arkansas . . . . .	33.8	14.	47.8	35.9	16.	51.9
California . . . . .	946.2	3,339.2	4,285.4	1,537.1	3,867.4	5,404.5
Colorado . . . . .	175.	214.3	389.3	275.8	303.3	579.1
Connecticut . . . . .	463.6	577.5	1,041.1	526.3	663.5	1,189.8
Delaware . . . . .	15.4	13.	28.4	80.4	19.	99.4
Florida . . . . .	358.9	600.8	959.7	573.9	788.4	1,362.3
Georgia . . . . .	150.7	238.1	388.8	176.8	277.6	454.4
Idaho . . . . .	6.7	3.5	10.2	13.6	3.5	17.1
Illinois . . . . .	1,878.	2,225.3	4,103.3	3,043.3	2,904.6	5,947.9
Indiana . . . . .	102.4	206.7	309.1	181.	263.7	444.7
Iowa . . . . .	157.9	268.2	426.1	315.7	353.9	669.6
Kansas . . . . .	65.2	284.4	349.6	98.9	390.	488.9
Kentucky . . . . .	133.5	249.6	383.1	164.4	326.8	491.2
Louisiana . . . . .	195.8	98.4	294.2	293.	145.4	438.4
Maine . . . . .	165.4	76.7	242.1	270.1	120.2	390.3
Maryland . . . . .	516.4	378.9	895.3	681.1	648.6	1,329.7
Massachusetts . . . . .	772.4	737.1	1,509.5	1,118.	978.3	2,096.3

ny, New  
ificates.  
BONDS  
USCH  
unction  
Cor Vall.  
BANK  
e amount  
108, 400  
708, 100  
214, 700  
304, 100  
264, 300  
33, 500  
291, 100  
119, 000  
62, 500  
64, 300  
22, 100  
29, 300  
21, 400  
ON  
t 31, 1954  
total  
134. 5  
204. 5  
51. 9  
404. 5  
579. 1  
189. 8  
99. 4  
362. 3  
454. 4  
17. 1  
947. 9  
444. 7  
369. 6  
488. 9  
491. 2  
438. 4  
490. 3  
429. 7  
96. 3  
etin

(Amount of figures expressed in thousands)

Location	For the period Sept. 1, 1953 to Nov. 30, 1953			For the period Sept. 1, 1953 to August 31, 1954		
	Natl. City Bank	J. P. Morgan	Total	Natl. City Bank	J. P. Morgan	Total
Michigan . . . . .	506. 7	559. 6	1, 066. 3	649. 4	794. 7	1, 444. 1
Minnesota . . . . .	436. 2	848. 9	1, 285. 1	700. 4	1, 105. 2	1, 805. 6
Mississippi . . . . .	85. 5	62.	147. 5	176.	107. 5	283. 5
Missouri . . . . .	1, 271. 3	979. 6	2, 250. 9	1, 671. 5	1, 337. 4	3, 008. 9
Montana . . . . .	35. 6	42. 7	78. 3	50. 8	74. 7	125. 5
Nebraska . . . . .	502. 3	280. 4	782. 7	575. 7	371. 4	947. 1
Nevada . . . . .	41.	10.	51.	48. 9	29.	77. 9
New Hampshire . . . . .	58. 7	51. 5	110. 2	103. 8	106. 5	210. 3
New Jersey . . . . .	1, 127. 8	1, 365. 6	2, 493. 4	2, 097. 1	1, 857. 8	3, 954. 9
New Mexico . . . . .	11.	6. 1	17. 1	11.	6. 1	17. 1
New York . . . . .	9, 268.	15, 180. 6	24, 448. 6	13, 730. 2	20, 410. 2	34, 140. 4
North Carolina . . . . .	19. 7	33. 2	52. 9	44. 4	38. 2	82. 6
North Dakota . . . . .	8. 7	28. 2	36. 9	28. 4	44. 2	72. 6
Ohio . . . . .	581. 9	2, 596. 8	3, 178. 7	919. 8	3, 811. 1	4, 730. 9
Oklahoma . . . . .	207.	102.	309.	324. 5	138.	462. 5
Oregon . . . . .	161. 7	257.	418. 7	233. 3	347. 7	581.
Pennsylvania . . . . .	1, 651.	2, 609. 5	4, 260. 5	2, 856. 4	3, 494. 6	6, 351.
Rhode Island . . . . .	96. 1	77. 5	173. 6	164. 2	190.	354. 2
South Carolina . . . . .	112. 5	160. 5	273.	138. 9	187. 5	326. 4
South Dakota . . . . .	43. 8	14. 6	58. 4	64. 3	24. 6	88. 9
Tennessee . . . . .	100.	92.	192.	214. 6	141. 2	355. 8
Texas . . . . .	547. 8	229. 1	776. 9	660. 1	271. 6	931. 7
Utah . . . . .	10. 5	7.	17. 5	39. 6	27. 5	67. 1
Vermont . . . . .	52. 6	129. 1	181. 7	98. 2	150. 2	248. 4
Virginia . . . . .	77. 5	180. 4	257. 9	167. 5	223. 6	391. 1
Washington . . . . .	224. 4	228. 5	452. 9	316. 4	359. 5	675. 9
West Virginia . . . . .	23. 8	20.	43. 8	30. 8	40.	70. 8
Wisconsin . . . . .	624. 8	765. 9	1, 390. 7	979. 3	965.	1, 944. 3
Wyoming . . . . .	6.	3.	9.	17. 1	18.	35. 1
Alaska . . . . .	12. 2	—	12. 2	12. 2	—	12. 2
Hawaii . . . . .	4.	39. 5	43. 5	8. 3	39. 5	47. 8
Washington D. C. and all other territories and dependencies in the U. S . . . . .	195. 3	164. 5	359. 8	1, 752. 4	754. 4	2, 506. 8
Canada . . . . .	175. 9	497. 1	673.	393. 7	783. 7	1, 177. 4
Cuba . . . . .	345. 7	215.	560. 7	358. 5	215.	573. 5
Mexico . . . . .	108. 1	51.	159. 1	522. 4	174.	696. 4
All Central American Countries . . . . .	1.	50.	51.	32. 2	85.	117. 2
Argentina . . . . .	12. 9	155.	167. 9	35. 4	257. 5	292. 9
Brazil . . . . .	87. 4	5.	92. 4	118. 5	28.	146. 5
Chile . . . . .	18. 8	26. 5	45. 3	59. 8	28.	87. 8
Colombia . . . . .	—	—	—	—	19.	19.
Venezuela . . . . .	11.	55. 5	66. 5	12. 1	56. 5	68. 6
All other South American Countries . . . . .	187. 2	844. 5	1, 031. 7	326. 6	905. 5	1, 232. 1
Austria . . . . .	67. 9	36.	103. 9	217. 4	40.	257. 4
Belgium and Luxemburg . . . . .	96. 8	93. 5	190. 3	210.	162. 5	372. 5
Bulgaria and Albania . . . . .	—	—	—	—	—	—
Czechoslovakia . . . . .	2. 3	—	2. 3	112. 3	33. 4	145. 7
Denmark and Iceland . . . . .	36.	7.	43.	72.	23.	95.
France . . . . .	138. 9	411.	549. 9	982. 5	687. 7	1, 670. 2
Germany . . . . .	41. 1	9. 5	50. 6	116. 8	33. 5	150. 3
Great Britain and Ireland, Eire . . . . .	430. 3	315. 8	746. 1	849. 2	1, 283. 9	2, 133. 1
Greece . . . . .	2.	3. 5	5. 5	8. 5	6.	14. 5
Hungary . . . . .	—	—	—	2.	—	2.
Italy . . . . .	7. 6	14.	21. 6	78. 8	99. 3	178. 1
Netherlands . . . . .	142. 7	71.	213. 7	731. 9	176. 5	908. 4
Norway and Finland . . . . .	208.	39. 2	247. 2	317. 6	111. 2	428. 8
Poland . . . . .	—	—	—	—	—	—
Portugal . . . . .	5. 5	16.	21. 5	138. 5	30. 8	169. 3
Rumania . . . . .	1.	—	1.	1.	—	1.

(Amount of figures expressed in thousands)

Location	For the period Sept. 1, 1953 to Nov. 30, 1953			For the period Sept. 1, 1953 to August 31, 1954		
	Nat'l. City Bank	J. P. Morgan	Total	Nat'l. City Bank	J. P. Morgan	Total
Russia . . . . .	—	—	—	—	—	—
Spain . . . . .	41.	8.5	49.5	186.5	49.5	236.
Sweden . . . . .	117.3	207.	324.3	160.3	275.	435.3
Switzerland . . . . .	1,316.6	545.	1,861.6	11,043.5	13,476.	24,519.5
Turkey . . . . .	—	—	—	5.4	—	5.4
Yugoslavia . . . . .	—	—	—	—	—	—
Algeria, Morocco and Tangiers . . . . .	—	—	—	13.6	19.	32.6
Egypt . . . . .	—	1.	1.	—	5.	5.
Union of South Africa . . . . .	—	74.	74.	17.3	74.	91.3
All other African Countries . . . . .	7.	—	7.	8.	—	8.
China . . . . .	—	60.	60.	1.3	62.	63.3
Formosa . . . . .	—	—	—	—	—	—
India and Pakistan . . . . .	2.	—	2.	2.3	—	2.3
Indo China and Thailand . . . . .	—	—	—	.5	9.	9.5
Israel . . . . .	7.3	2.	9.3	10.8	2.	12.8
Iran, Iraq, Saudi Arabia, Lebanon and Yemen . . . . .	2.	—	2.	8.3	—	8.3
Malaya . . . . .	—	—	—	2.	—	2.
All other Asiatic Countries . . . . .	14.5	—	14.5	41.5	—	41.5
Australia and New Zealand . . . . .	—	—	—	9.3	5.	14.3
Japan . . . . .	4.4	—	4.4	8.2	210.	218.2
Philippines . . . . .	3.3	—	3.3	4.4	—	4.4
All other Pacific Islands . . . . .	—	—	—	2.1	—	2.1
Total . . . . .	27,984.2	40,652.	68,636.2	55,621.4	69,175.	124,796.4

**Exhibit 5****STATISTICS REGARDING REGISTRATIONS OVER \$100,000***Dawes, Young and Prussian Loans (Nos. 1-4)***a) Banks, Brokers and Similar Institutions,**

1. U. S. A. . . . .	7,455,500
2. Switzerland . . . . .	1,104,500
3. Others . . . . .	2,383,000
	<hr/> 10,943,000

**b) Individuals,**

1. U. S. A. . . . .	3,026,100
2. Switzerland . . . . .	—
3. Others . . . . .	845,000
	<hr/> 3,871,100

**c) Trustees (including Estates),**

U. S. A. . . . .	1,144,500
------------------	-----------

**d) Schools, Universities, Religious and Charitable Organizations**

U. S. A. . . . .	1,109,000
------------------	-----------

---

\$17,067,600*All Other Loans (Nos. 5-98)***a) Banks, Brokers and Similar Institutions,**

1. U. S. A. . . . .	—
2. Switzerland . . . . .	681,000
3. Others . . . . .	1,373,000
	<hr/> 2,054,000

**b) Individuals,**

1. U. S. A. . . . .	891,000
2. Switzerland . . . . .	—
3. Others . . . . .	505,000
	<hr/> 1,396,000

**c) Trustees (including Estates),**

	—
--	---

**d) Schools, Universities, Religious and Charitable Organizations**

Switzerland . . . . .	200,000
-----------------------	---------

---

\$3,650,000

---

\$20,717,600



# Exhibit 6

## VALIDATION OF GERMAN DOLLAR BONDS REGISTRATION UNDER ARTICLE 7 OF THE VALIDATION LAW

Issue No. (American List see Exhibit 1)	Number of pieces registered as of August 31, 1964	Face amount registered as of August 31, 1964	Face amount of bonds validated as of August 31, 1964	Issue No. (American List see Exhibit 1)	Number of pieces registered as of August 31, 1964	Face amount registered as of August 31, 1964	Face amount of bonds validated as of August 31, 1964
1	28, 415	\$25, 526, 800	\$20, 130, 900	46	—	—	—
2	39, 878	39, 312, 200	32, 340, 900	47	84	\$82, 500	\$79, 500
3	2, 296	2, 291, 000	985, 000	48	362	335, 500	283, 500
4	2, 045	2, 045, 000	1, 303, 000	49	200	189, 000	150, 000
5	236	223, 500	198, 000	50	247	229, 500	186, 500
6	692	692, 000	622, 000	51	121	116, 500	67, 500
7	849	787, 000	605, 500	52	616	591, 000	437, 000
8	448	410, 500	339, 000	53	81	81, 000	43, 000
9	1, 566	1, 460, 500	1, 045, 000	54	204	194, 000	107, 000
10	1, 398	1, 398, 000	1, 030, 000	55	102	100, 500	93, 500
11	921	921, 000	803, 000	56	183	175, 000	157, 500
12	974	974, 000	607, 000	57	77	77, 000	68, 000
13	701	701, 000	536, 000	58	91	82, 500	63, 000
14	644	572, 500	454, 000	59	650	629, 000	424, 000
15	888	828, 500	688, 000	60	129	123, 500	87, 500
16	86	83, 500	78, 000	61	101	94, 000	62, 000
17	601	598, 500	429, 500	62	171	167, 500	—
18	284	272, 500	246, 500	63	1, 411	1, 361, 000	1, 028, 000
19	939	906, 500	702, 000	64	493	493, 000	451, 000
20	732	691, 500	593, 000	65	206	193, 000	152, 500
21	5	3, 000	*	66	261	237, 500	199, 000
22	21, 169	5, 987, 400	4, 011, 100	67	190	168, 000	160, 000
23	1, 546	394, 100	228, 700	68	188	188, 000	158, 000
24	183	183, 000	159, 000	69	1, 307	1, 307, 000	336, 000
25	345	345, 000	263, 000	70	538	507, 500	268, 000
26	176	169, 000	134, 000	71	795	762, 000	395, 500
27	452	434, 000	400, 500	72	609	571, 500	410, 500
28	242	242, 000	210, 000	73	877	841, 000	715, 500
29	137	128, 000	116, 500	74	1, 114	1, 038, 000	766, 000
30	810	769, 000	667, 000	75	860	860, 000	670, 000
31	604	519, 500	403, 000	76	678	611, 500	514, 500
32	359	359, 000	319, 000	77	656	598, 000	547, 000
33	1, 058	932, 000	798, 000	78	125	125, 000	121, 000
34	877	844, 000	382, 500	79	361	361, 000	285, 000
35	1, 231	1, 190, 500	975, 000	80	80	80, 000	60, 000
36	1, 566	1, 517, 000	1, 167, 000	81	883	883, 000	360, 000
37	3, 099	2, 930, 000	2, 362, 000	82	518	204, 400	21, 800
38	773	732, 000	664, 500	83	156	152, 000	130, 500
39	1, 285	1, 285, 000	973, 000	84	295	274, 500	235, 000
40	957	957, 000	497, 000	85	224	224, 000	185, 000
41	160	160, 000	115, 000	86	1, 335	1, 335, 000	608, 000
42	550	519, 500	329, 000	87	457	457, 000	149, 000
43	302	287, 500	249, 000	88	2, 070	1, 990, 000	588, 000
44	1, 963	1, 873, 500	832, 500	89	215	195, 500	177, 000
45	453	453, 000	419, 000	90	116	105, 500	85, 500
				91	1, 117	1, 070, 500	789, 500
				92	463	424, 000	292, 000

146, 912      \$124, 796, 400      \$93, 579, 900

\*Loan no. 21 has been collectively validated; see Report, Section IV (a). The listed bonds have been registered for individual validation.

## Mutual Defense Treaty with Republic of China Transmitted to Senate<sup>1</sup>

### PRESIDENT'S MESSAGE OF TRANSMITTAL

THE WHITE HOUSE, *January 6, 1955.*

*To the Senate of the United States:*

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Mutual Defense Treaty between the United States of America and the Republic of China, signed at Washington on December 2, 1954.<sup>2</sup>

I transmit also for the information of the Senate a document containing statements made by the Secretary of State and the Chinese Minister for Foreign Affairs on the occasion of the initialing of the treaty on December 2, 1954, together with a joint statement regarding conclusion of negotiations for the treaty issued simultaneously in Washington and Taipei on December 1, 1954.<sup>3</sup>

There is further transmitted for the information of the Senate the report made to me by the Secretary of State regarding the treaty.

Finally, there are transmitted for the information of the Senate texts of notes exchanged by the Secretary of State and the Minister for Foreign Affairs of the Republic of China on December 10, 1954, which, while not a part of the treaty, express agreed understandings as to certain phases of its implementation.

The Mutual Defense Treaty between the United States of America and the Republic of China is defensive and mutual in character, designed to deter any attempt by the Chinese Communist regime to bring its aggressive military ambitions to bear against the treaty area.

This Mutual Defense Treaty, taken in conjunction with similar treaties already concluded with Japan, Korea, the Philippines, and Australia and New Zealand, reinforces the system of collective security in the Pacific area. It is also comple-

mentary to the action taken in the signing of the Southeast Asia Collective Defense Treaty at Manila on September 8, 1954.

I recommend that the Senate give early and favorable consideration to the treaty submitted herewith, and advise and consent to its ratification.

DWIGHT D. EISENHOWER.

### SECRETARY DULLES' REPORT

DEPARTMENT OF STATE,  
*Washington, December 22, 1954.*

THE PRESIDENT,

THE WHITE HOUSE:

I have the honor to submit to you, with a view to the transmission thereof to the Senate for its advice and consent to ratification, the Mutual Defense Treaty between the United States of America and the Republic of China, signed at Washington on December 2, 1954.

The history of the negotiation of this treaty extends over the past year. Preliminary consideration of such a treaty was given following a proposal first made by the Republic of China in December 1953. Following the signature of the Manila Pact on September 8, 1954,<sup>4</sup> it seemed more than ever appropriate that this treaty should be made. I, therefore, visited Taipei on September 9, 1954, and discussed the scope and nature of the projected treaty with President Chiang Kai-shek. Following my return to the United States, it was decided in principle to proceed actively to conclude the treaty, and to this end the Assistant Secretary of State for Far Eastern Affairs, Mr. Robertson, went to Formosa (Taiwan) in October 1954. Subsequent negotiations were conducted at Washington. The principal negotiator for the Republic of China was His Excellency

<sup>1</sup> Reprinted from S. Exec. A, 84th Cong., 1st sess.

<sup>2</sup> For text, see BULLETIN of Dec. 13, 1954, p. 899.

<sup>3</sup> *Ibid.*, pp. 898 and 895.

<sup>4</sup> *Ibid.*, Sept. 20, 1954, p. 393.

Yeh Kung-ch'ao, Minister for Foreign Affairs, who was available in Washington concurrently with his work as head of the Chinese delegation to the United Nations.

This treaty represents another link in the chain of collective defense arrangements in the West Pacific which bind the nations of the free world together in their common determination to resist further encroachments by the forces of communism. The treaty is entirely defensive in character and intent. It is based on a mutuality of interest and responsibility. Even though bilateral and limited in scope to but one area of the world, the treaty reaffirms, in the first paragraph of the preamble and repeated elsewhere through the text of the treaty, the signatories' faith in, and deep sense of responsibility in working toward fulfillment of, the principles and purposes of the United Nations.

The treaty consists of a preamble and 10 substantive articles. The preamble reaffirms the adherence of both Governments to the aims of the United Nations and their peaceful intentions, recalls their relationship during World War II, declares their sense of unity and determination to defend themselves against external armed attack "so that no potential aggressor could be under the illusion that either of them stands alone," and contemplates further development of a more comprehensive system of regional security in the West Pacific area.

Article I contains provisions similar to those in comparable articles of other security treaties. By its terms the parties reaffirmed their solemn obligations under the Charter of the United Nations to settle by peaceful means any international disputes in which they may be involved, and to refrain in their international relations from the threat or use of force inconsistent with the purposes of the United Nations.

Article II incorporates in the treaty the principle of the Vandenberg resolution (S. Res. 239, 80th Cong.), which advises that regional and collective security arrangements joined in by the United States be based on continuous self-help and mutual aid. The parties pledge themselves by such means to maintain and develop their individual and collective capacity to resist armed attack and Communist subversive activities directed from without against their territorial integrity and political stability.

Article III confirms the agreement of the two parties to strengthen the base of freedom and to cooperate in economic and social advances which are so closely connected both with a successful resistance to communism and also with the greater welfare of the people.

Consultation regarding implementation of the treaty, as the need arises, is provided for under article IV.

By article V, each party recognizes that an armed attack in the West Pacific area directed against the territories of either party would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes. Here again the treaty makes it clear that there is to be no conflict with the United Nations, for measures taken to deal with an external armed attack are to be reported immediately to the Security Council of the United Nations and such measures as are taken will be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

The territories to which articles II and V apply are specified in article VI to be—

in respect of the Republic of China, Taiwan, and the Pescadores; and in respect of the United States of America, the island territories in the West Pacific under its jurisdiction.

It is also provided that articles II and V will be applicable to such other territories as may be determined by mutual agreement.

Article VII grants to the United States the right to dispose such land, air, and sea forces in and about Taiwan and the Pescadores as may be required for their defense, as determined by mutual agreement. It does not make such disposition automatic or mandatory.

Article VIII makes clear that the obligations of the parties under the treaty do not affect in any way their obligations under the United Nations Charter. It recognizes the primary responsibility of the United Nations in maintaining international peace and security.

Articles IX and X specify that the treaty is to come into force with the exchange of ratifications at Taipei and that the treaty has indefinite duration, with provision for termination on 1 year's notice.

There are also enclosed, with a view to their transmittal for the information of the Senate, the texts of notes exchanged between the Secretary of

State and the Chinese Foreign Minister, dated December 10, 1954. These notes express the understanding of the signatories with respect to some phases of the implementation and operation of the treaty. They make clear the recognition by the parties of the inherent right of the Republic of China to the self-defense of all territory now or hereafter under its control. They confirm the understanding of the parties that the use of force from such territories will be a matter of joint agreement, subject to action of an emergency character in the exercise of the right of self-defense. They recognize the mutual interests of the parties by providing that military elements which are a product of joint effort and contribution will not be removed from the treaty area to such an extent as substantially to affect its defensibility without mutual agreement.

I believe that the treaty will serve as an important deterrent to possible Communist efforts to seize positions in the West Pacific area, which seizure, if attempted, would, in fact, provoke a reaction on the part of the United States. By making clear that we recognize that an armed attack on the treaty area would be regarded by us as dangerous to our own peace and safety and that we would act to meet the danger, we give the world notice which, we are entitled to hope, will prevent hostile miscalculations and thus contribute to the peace and security of the area. Therefore, I hope that this treaty will be given early and favorable consideration by the Senate.

Respectfully submitted.

JOHN FOSTER DULLES,  
*Secretary of State.*

#### TEXT OF NOTES EXCHANGED ON DECEMBER 10

DEPARTMENT OF STATE,  
*Washington, December 10, 1954.*

His Excellency GEORGE K. C. YEH,  
*Minister of Foreign Affairs of the Republic of China.*

EXCELLENCY: I have the honor to refer to recent conversations between representatives of our two Governments and to confirm the understandings

reached as a result of those conversations, as follows:

The Republic of China effectively controls both the territory described in Article VI of the Treaty of Mutual Defense between the Republic of China and the United States of America signed on December 2, 1954, at Washington and other territory. It possesses with respect to all territory now and hereafter under its control the inherent right of self-defense. In view of the obligations of the two Parties under the said Treaty, and of the fact that the use of force from either of these areas by either of the Parties affects the other, it is agreed that such use of force will be a matter of joint agreement, subject to action of an emergency character which is clearly an exercise of the inherent right of self-defense. Military elements which are a product of joint effort and contribution by the two Parties will not be removed from the territories described in Article VI to a degree which would substantially diminish the defensibility of such territories without mutual agreement.

Accept, Excellency, the assurances of my highest consideration.

JOHN FOSTER DULLES,  
*Secretary of State of the  
United States of America.*

DECEMBER 10, 1954.

His Excellency JOHN FOSTER DULLES,  
*Secretary of State of the United States of America.*

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's Note of today's date, which reads as follows:

[Text of U.S. note]

I have the honor to confirm, on behalf of my Government, the understanding set forth in Your Excellency's Note under reply.

I avail myself of this opportunity to convey to Your Excellency the assurances of my highest consideration.

GEORGE K. C. YEH  
*Minister for Foreign Affairs  
of the Republic of China*



## Report on Including Escape Clauses in Existing Trade Agreements<sup>1</sup>

### LETTER OF TRANSMITTAL

*To the Congress of the United States:*

Pursuant to the provisions of subsection (b) of section 6 of the Trade Agreements Extension Act of 1951 (65 Stat. 72, 73), I hereby submit to the Congress a report on the inclusion of escape clauses in existing trade agreements.

This report was prepared for me by the Interdepartmental Committee on Trade Agreements.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,  
January 10, 1955.

### REPORT ON TRADE AGREEMENT ESCAPE CLAUSES

Section 6 of the Trade Agreements Extension Act of 1951 reads as follows:

(a) No reduction in any rate of duty, or binding of any existing customs or excise treatment, or other concession hereafter proclaimed under section 350 of the Tariff Act of 1930, as amended, shall be permitted to continue in effect when the product on which the concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

(b) The President, as soon as practicable, shall take such action as may be necessary to bring trade agreements heretofore entered into under section 350 of the Tariff Act of 1930, as amended, into conformity with the policy established in subsection (a) of this section.

On or before January 10, 1952, and every six months thereafter, the President shall report to the Congress on the action taken by him under this subsection.

As indicated in previous reports, escape clauses complying with the requirements of section 6 of the Trade Agreements Extension Act of 1951 have been included in all trade agreements concluded under the act except those with Ecuador, El Salvador, Guatemala, and Honduras.

As regards Ecuador, the previous reports referred to discussions in progress between the Gov-

ernment of the United States and the Government of Ecuador with regard to the existing trade agreement, including the possibility of inserting an escape clause in the agreement. The Government of Ecuador has been informed that it would be necessary to amend the trade agreement to include an escape clause. The discussions with Ecuador are still in progress.

With regard to the trade agreements with the Governments of El Salvador, Guatemala and Honduras, there has been no change in the situation in the last 6 months and, for the reasons given in the report of July 10, 1952, no further action with regard to insertion of the escape clause has been taken.

### Current Legislation on Foreign Policy: 83rd Congress, 2d Session

Investigation of Communist Takeover and Occupation of the Non-Russian Nations of the U. S. S. R. Eighth Interim Report of Hearings before the House Select Committee on Communist Aggression under Authority of H. Res. 346 and H. Res. 438. Munich, Germany, June 30 and July 1, 1954; New York, N. Y., October 11-14, 1954; Chicago, Ill., Oct. 18-19, 1954. 370 pp.

To Protect Rights of United States Vessels on High Seas. Hearing before the House Committee on Merchant Marine and Fisheries on H. R. 9584. July 2, 1954. 71 pp.

To Give Effect to the International Convention for the High Seas Fisheries of the North Pacific. Hearing before the House Committee on Merchant Marine and Fisheries on H. R. 9786. July 13, 1954. 35 pp.

Foreign Aid Procurement: Hexylresorcinol Purchases for Indochina. Hearing before a Subcommittee of the House Committee on Government Operations. July 22, 1954. 166 pp.

Investigation of Communist Takeover and Occupation of Hungary. Fifth Interim Report of Hearings before the Subcommittee on Hungary of the House Select Committee on Communist Aggression under Authority of H. Res. 346 and H. Res. 438. Washington, D. C., August 20, 1954; New York, N. Y., August 23-25, 1954; Cleveland, Ohio, August 26-27, 1954. 327 pp.

Japanese-American Evacuation Claims. Hearings before Subcommittee No. 5 of the House Committee on the Judiciary on H. R. 7435, To Amend the Japanese-American Evacuation Claims Act of 1948. San Francisco, Calif., August 30-31, 1954; Los Angeles, Calif., September 1-3, 1954. 456 pp.

Treatment of Jews by the Soviet. Seventh Interim Report of Hearings before the House Select Committee on Communist Aggression under Authority of H. Res. 346 and H. Res. 438. New York, N. Y., September 22-23, 1954. 120 pp.

Communist Aggression in Latin America: Guatemala. Ninth Interim Report of Hearings before the Subcommittee on Latin America of the House Select Committee on Communist Aggression under Authority of H. Res. 346 and H. Res. 438. Washington, D. C., September 27-29 and October 8, 1954; Los Angeles, Calif., October 14-15, 1954. 295 pp.

<sup>1</sup> H. Doc. 64, 84th Cong., 1st sess.; transmitted on Jan. 10.

## Summary of Treaty Actions by 83d Congress

### Actions on Treaties Submitted During 83d Congress

Convention between the United States of America and Belgium modifying and supplementing the convention of October 28, 1948, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington September 9, 1952 (Executive A, 83d Cong., 1st Sess.); submitted to the Senate January 9, 1953; advice and consent to ratification given by the Senate July 9, 1953; ratified by the President July 23, 1953; ratifications exchanged September 9, 1953; proclaimed by the President September 23, 1953; entered into force September 9, 1953. Treaties and other International Acts Series (TIAS) 2833.

Protocol on the status of international military headquarters. Signed at Paris August 28, 1952 (Executive B, 83d Cong., 1st Sess.); submitted to the Senate February 27, 1953; advice and consent to ratification given by the Senate July 15, 1953; ratified by the President July 24, 1953; ratification deposited July 24, 1953; proclaimed by the President June 7, 1954; entered into force April 10, 1954. TIAS 2978.

Protocol between the United States of America and Finland modifying article IV of the treaty of friendship, commerce, and consular rights of February 13, 1934. Signed at Washington December 4, 1952 (Executive C, 83d Cong., 1st Sess.); submitted to the Senate April 21, 1953; advice and consent to ratification given by the Senate July 21, 1953; ratified by the President August 4, 1953; ratifications exchanged September 24, 1953; proclaimed by the President November 3, 1953; entered into force September 24, 1953. TIAS 2861.

Agreement on German external debts. Signed at London February 27, 1953 (Executive D, 83d Cong., 1st Sess.); submitted to the Senate April 10, 1953; advice and consent to ratification given by the Senate July 13, 1953; ratified by the President August 4, 1953; ratification deposited September 16, 1953; proclaimed by the President November 4, 1953; entered into force September 16, 1953. TIAS 2792.

Agreement between the United States of America and the Federal Republic of Germany regarding the settlement of the claim of the United States for post-war economic assistance (other than surplus property) to Germany. Signed at London February 27, 1953 (Executive E, 83d Cong., 1st Sess.); submitted to the Senate April 10, 1953; advice and consent to ratification given by the Senate July 13, 1953; ratified by the President August 4, 1953; ratifications exchanged September 15, 1953; proclaimed by the President October 19, 1953; entered into force September 16, 1953. TIAS 2795.

Agreement between the United States of America and the Federal Republic of Germany relating to the indebtedness of Germany for awards made by the Mixed Claims Commission, United States and Germany. Signed at London February 27, 1953 (Executive F, 83d Cong., 1st

Sess.); submitted to the Senate April 10, 1953; advice and consent to ratification given by the Senate July 13, 1953; ratified by the President August 4, 1953; ratifications exchanged September 15, 1953; proclaimed by the President October 19, 1953; entered into force September 16, 1953. TIAS 2796.

Agreement between the United States of America and the Federal Republic of Germany regarding certain matters arising from the validation of German dollar bonds. Signed at Bonn April 1, 1953 (Executive G, 83d Cong., 1st Sess.); submitted to the Senate April 10, 1953; advice and consent to ratification given by the Senate July 13, 1953; ratified by the President August 4, 1953; ratifications exchanged September 15, 1953; proclaimed by the President October 19, 1953; entered into force September 16, 1953. TIAS 2794.

Agreement revising and renewing the international wheat agreement of 1949. Concluded at Washington April 13, 1953 (Executive H, 83d Cong., 1st Sess.); submitted to the Senate June 2, 1953; advice and consent to ratification given by the Senate July 13, 1953; ratified by the President July 14, 1953; acceptance deposited July 14, 1953; proclaimed by the President August 14, 1953; Parts 1, 3, 4, and 5 entered into force July 15, 1953; Part 2 entered into force August 1, 1953. TIAS 2799.

Convention between the United States of America and Australia for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington May 14, 1953 (Executive I, 83d Cong., 1st Sess.); submitted to the Senate June 3, 1953; advice and consent to ratification given by the Senate July 9, 1953; ratified by the President July 23, 1953; ratifications exchanged December 14, 1953; proclaimed by the President December 22, 1953; entered into force December 14, 1953. TIAS 2880.

Convention between the United States of America and Australia for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on the estates of deceased persons. Signed at Washington May 14, 1953 (Executive J, 83d Cong., 1st Sess.); submitted to the Senate June 3, 1953; advice and consent to ratification given by the Senate July 9, 1953; ratified by the President July 23, 1953; ratifications exchanged January 7, 1954; proclaimed by the President January 20, 1954; entered into force January 7, 1954. TIAS 2903.

Convention between the United States of America and Australia for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on gifts. Signed at Washington May 14, 1953 (Executive K, 83d Cong., 1st Sess.); submitted to the Senate June 3, 1953; advice and consent to ratification given by the Senate July 9, 1953; ratified by the President July 23, 1953; ratifications exchanged December 14, 1953; proclaimed by the President December 22, 1953; entered into force December 14, 1953. TIAS 2879.

Protocol for the prolongation of the international agreement regarding the regulation of the production and

marketing of sugar of May 6, 1937. Done at London August 30, 1952 (Executive L, 83d Cong., 1st Sess.); submitted to the Senate June 10, 1953; advice and consent to ratification given by the Senate July 27, 1953; ratified by the President September 1, 1953; ratification deposited October 2, 1953; proclaimed by the President November 5, 1953; entered into force for the United States October 2, 1953. TIAS 2862.

Universal copyright convention, with protocols. Done at Geneva September 6, 1952 (Executive M, 83d Cong., 1st Sess.); submitted to the Senate June 10, 1953; advice and consent to ratification given by the Senate June 25, 1954; ratified by the President November 5, 1954; ratification deposited December 6, 1954.<sup>1</sup>

Agreement between the United States of America and the Federal Republic of Germany concerning the treaty of friendship, commerce, and consular rights of December 8, 1923, as amended. Signed at Bonn June 3, 1953 (Executive N, 83d Cong., 1st Sess.); submitted to the Senate June 27, 1953; advice and consent to ratification given by the Senate with a reservation July 21, 1953; ratified by the President with a reservation October 8, 1954; ratifications exchanged October 22, 1954, proclaimed by the President November 5, 1954; entered into force October 22, 1954. TIAS 3062.

Treaty of friendship, commerce, and navigation, with protocol, between the United States of America and Japan. Signed at Tokyo April 2, 1953 (Executive O, 83d Cong., 1st Sess.); submitted to the Senate June 27, 1953; advice and consent to ratification given by the Senate with a reservation July 21, 1953; ratified by the President with a reservation September 15, 1953; ratifications exchanged September 30, 1953; proclaimed by the President November 4, 1953; entered into force October 30, 1953. TIAS 2863.

Convention between the United States of America and Canada for the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea. Signed at Ottawa March 2, 1953 (Executive P, 83d Cong., 1st Sess.); submitted to the Senate July 1, 1953; advice and consent to ratification given by the Senate July 27, 1953; ratified by the President August 18, 1953; ratifications exchanged October 28, 1953; proclaimed by the President January 7, 1954; entered into force October 28, 1953. TIAS 2900.

International convention to facilitate the importation of commercial samples and advertising material. Dated at Geneva November 7, 1952 (Executive Q, 83d Cong., 1st Sess.); submitted to the Senate July 7, 1953.

International telecommunications convention with annexes and final protocol. Signed at Buenos Aires December 22, 1952 (Executive R, 83d Cong., 1st Sess.); submitted to the Senate July 27, 1953.

Mutual defense treaty between the United States of America and Korea. Signed at Washington October 1, 1953 (Executive A, 83d Cong., 2d Sess.); submitted to the Senate January 11, 1954; advice and consent to ratification given by the Senate with an understanding January 26, 1954; ratified by the President with an understanding February 5, 1954; ratifications exchanged November 17, 1954; proclaimed by the President December 1, 1954; entered into force November 17, 1954. TIAS 3097.

International sugar agreement. Dated at London October 1, 1953 (Executive B, 83d Cong., 2d Sess.); submitted to the Senate February 3, 1954; advice and consent to ratification given by the Senate with an understanding April 28, 1954; ratified by the President with an under-

standing April 29, 1954; ratification deposited May 3, 1954; entered into force May 5, 1954.

Protocol for limiting and regulating the cultivation of the poppy plant, the production of, international and wholesale trade in, and use of opium. Dated at New York June 23, 1953 (Executive C, 83d Cong., 2d Sess.); submitted to the Senate April 14, 1954; advice and consent to ratification given by the Senate August 20, 1954; ratified by the President September 14, 1954.

Convention between the United States of America and Japan for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington April 16, 1954 (Executive D, 83d Cong., 2d Sess.); submitted to the Senate May 7, 1954.

Convention between the United States of America and Japan for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates, inheritances, and gifts. Signed at Washington April 16, 1954 (Executive E, 83d Cong., 2d Sess.); submitted to the Senate May 7, 1954.

Protocol amending the slavery convention of September 25, 1926, and annex. Done at New York December 7, 1953 (Executive F, 83d Cong., 2d Sess.); submitted to the Senate May 27, 1954.

Convention between the United States of America and Belgium for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates and successions. Signed at Washington May 27, 1954 (Executive G, 83d Cong., 2d Sess.); submitted to the Senate June 22, 1954.

Supplementary protocol between the United States of America and the United Kingdom amending the convention of April 16, 1945, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income as modified by the supplementary protocol of June 6, 1946. Signed at Washington May 25, 1954 (Executive H, 83d Cong., 2d Sess.); submitted to the Senate June 22, 1954; advice and consent to ratification given by the Senate August 20, 1954; ratified by the President September 22, 1954.

Notification with a view to extending the operation of the income tax convention of April 29, 1948, respecting taxes on income and certain other taxes, to the Netherlands Antilles with certain limitations by the Netherlands Government. Note dated June 24, 1952 (Executive I, 83d Cong., 2d Sess.); submitted to the Senate July 24, 1954.

Convention between the United States of America and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income. Signed at Washington July 22, 1954 (Executive J, 83d Cong., 2d Sess.); submitted to the Senate July 29, 1954; advice and consent to ratification given by the Senate August 20, 1954; ratified by the President September 22, 1954; ratifications exchanged December 20, 1954; proclaimed by the President December 24, 1954; entered into force December 20, 1954.

Southeast Asia collective defense treaty and protocol. Signed at Manila September 8, 1954 (Executive K, 83d Cong., 2d Sess.); submitted to the Senate November 10, 1954.

Protocol on the termination of the occupation regime in the Federal Republic of Germany. Signed at Paris October 23, 1954 (Executive L, 83d Cong., 2d Sess.); submitted to the Senate November 15, 1954.

Protocol to the North Atlantic treaty on the accession of the Federal Republic of Germany. Signed at Paris October 23, 1954 (Executive M, 83d Cong., 2d Sess.); submitted to the Senate November 15, 1954.

<sup>1</sup> Not in force.



## Actions on Treaties Submitted During Earlier Congresses

International Labor Organization Convention (No. 74) concerning certification of able seamen. Adopted at Seattle June 29, 1946 (Executive Z, 80th Cong., 1st Sess.); submitted to the Senate June 23, 1947; advice and consent to ratification given by the Senate with two understandings July 4, 1952; ratified by the President with two understandings February 17, 1953; ratification deposited April 9, 1953; proclaimed by the President April 13, 1954; entered into force for the United States April 9, 1954. TIAS 2949.

Convention on the international recognition of rights in aircraft. Opened for signature at Geneva June 19, 1948 (Executive E, 81st Cong., 1st Sess.); submitted to the Senate January 13, 1949; advice and consent to ratification given by the Senate August 17, 1949; ratified by the President August 30, 1949; ratification deposited September 7, 1949; proclaimed by the President September 30, 1953; entered into force September 17, 1953. TIAS 2847.

Convention between the United States of America and Belgium for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington October 28, 1948 (Executive I, 81st Cong., 1st Sess.); submitted to the Senate March 16, 1949; advice and consent to ratification given by the Senate July 9, 1953; ratified by the President July 23, 1953; ratifications exchanged September 9, 1953; proclaimed by the President September 23, 1953; entered into force September 9, 1953. TIAS 2833.

Convention between the United States of America and Greece for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on the estates of deceased persons. Signed at Athens February 20, 1950 (Executive K, 81st Cong., 2d Sess.); submitted to the Senate April 17, 1950; advice and consent to ratification given by the Senate with a reservation September 17, 1951; ratified by the President with a reservation December 5, 1951; ratifications exchanged December 30, 1953; proclaimed by the President January 15, 1954; entered into force December 30, 1953. TIAS 2901.

Convention between the United States of America and Greece for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Athens February 20, 1950 (Executive L, 81st Cong., 2d Sess.); submitted to the Senate April 17, 1950; advice and consent to ratification given by the Senate with an understanding September 17, 1951; ratified by the President with an understanding December 5, 1951; ratifications exchanged December 30, 1953; proclaimed by the President January 15, 1954; entered into force December 30, 1953. TIAS 2902.

Consular convention between the United States of America and Ireland. Signed at Dublin May 1, 1950 (Executive P, 81st Cong., 2d Sess.); submitted to the Senate June 7, 1950; advice and consent to ratification given by the Senate June 13, 1952; ratified by the President June 26, 1952; ratifications exchanged May 13, 1954; proclaimed by the President June 12, 1954; entered into force June 12, 1954. TIAS 2984.

Treaty of friendship, commerce, and navigation, with protocol and exchange of notes, between the United States of America and Israel. Signed at Washington August 23, 1951 (Executive R, 82d Cong., 1st Sess.); submitted to the Senate October 18, 1951; advice and consent to ratification given by the Senate with a reservation July 21, 1953; ratified by the President with a reservation December 18, 1953; ratifications exchanged March 4,

1954; proclaimed by the President May 6, 1954; entered into force April 3, 1954. TIAS 2948.

Treaty of amity and economic relations, and related notes, between the United States of America and Ethiopia. Signed at Addis Ababa September 7, 1951 (Executive F, 82d Cong., 2d Sess.); submitted to the Senate January 14, 1952; advice and consent to ratification given by the Senate July 21, 1953; ratified by the President August 4, 1953; ratifications exchanged September 8, 1953; proclaimed by the President November 3, 1953; entered into force October 8, 1953. TIAS 2864.

Agreement between the United States of America and Italy supplementing the treaty of friendship, commerce, and navigation of February 2, 1948. Signed at Washington September 26, 1951 (Executive H, 82d Cong., 2d Sess.); submitted to the Senate January 29, 1952; advice and consent to ratification given by the Senate with an understanding July 21, 1953.

Treaty of friendship, commerce, and navigation, with protocol and minutes of interpretation, between the United States of America and Denmark. Signed at Copenhagen October 1, 1951 (Executive I, 82d Cong., 2d Sess.); submitted to the Senate January 29, 1952; advice and consent to ratification given by the Senate with a reservation July 21, 1953.

Treaty of friendship, commerce, and navigation between the United States of America and Greece. Signed at Athens August 3, 1951 (Executive J, 82d Cong., 2d Sess.); submitted to the Senate January 30, 1952; advice and consent to ratification given by the Senate with a reservation July 21, 1953; ratified by the President with a reservation June 24, 1954; ratifications exchanged September 13, 1954; proclaimed by the President October 18, 1954; entered into force October 13, 1954. TIAS 3057.

Supplementary protocol to the consular convention of May 1, 1950, between the United States of America and Ireland. Signed at Dublin March 3, 1952 (Executive N, 82d Cong., 2d Sess.); submitted to the Senate March 28, 1952; advice and consent to ratification given by the Senate June 13, 1952; ratified by the President June 26, 1952; ratifications exchanged May 13, 1954; proclaimed by the President June 12, 1954; entered into force June 12, 1954. TIAS 2984.

International convention for the high seas fisheries of the North Pacific Ocean, with annex and protocol. Signed at Tokyo May 9, 1952 (Executive S, 82d Cong., 2d Sess.); submitted to the Senate June 2, 1952; advice and consent to ratification given by the Senate July 4, 1952; ratified by the President July 30, 1952; ratifications exchanged June 12, 1953; proclaimed by the President July 30, 1953; entered into force June 12, 1953. TIAS 2786.

Agreement between the parties to the North Atlantic Treaty regarding the status of their forces. Signed at London June 19, 1951 (Executive T, 82d Cong., 2d Sess.); submitted to the Senate June 16, 1952; advice and consent to ratification given by the Senate with a statement July 15, 1953; ratified by the President with a statement July 24, 1953; ratification deposited July 24, 1953; proclaimed by the President October 27, 1953; entered into force August 23, 1953. TIAS 2846.

Agreement on the status of the North Atlantic Treaty Organization, national representatives and international staff. Done at Ottawa September 20, 1951 (Executive U, 82d Cong., 2d Sess.); submitted to the Senate June 16, 1952; advice and consent to ratification given by the Senate July 15, 1953; ratified by the President July 24, 1953; ratification deposited July 24, 1953; proclaimed by the President June 7, 1954; entered into force May 18, 1954. TIAS 2992.



## Air Transport Services With India

Press release 16 dated January 11

Representatives of the Government of India and the Government of the United States have concluded a series of recent conversations for the purpose of determining whether there was any basis for continuation of the 1946 agreement for air transport services. These conversations were carried on in a very friendly and cooperative spirit and in recognition of the value to both countries of uninterrupted air transport service between them. It was, however, not found possible in the time available at this stage to reconcile divergent points of view, and consequently the agreement will terminate January 14, 1955, in accordance with its terms and the termination notice given by the Government of India dated January 14, 1954. The Government of India has issued temporary permits authorizing continued operation of two round trip flights weekly to and through India, both by Pan American and Trans World Airlines. Each company has, in the past, been operating three round trips weekly. PAA will serve either New Delhi or Calcutta on each flight, and TWA will serve Bombay on both flights.

Further discussions will be held at an appropriate time with a view to reaching an understanding on the terms of a new air transport agreement.

## Economic Aid Agreement Signed at Karachi

Press release 13 dated January 11

An agreement between the United States and Pakistan was signed at Karachi on January 11 covering a part of the U. S. \$105 million economic aid program to Pakistan for the period ending June 30, 1955, which was announced during the recent visit of Prime Minister Mohammed Ali to the United States.<sup>1</sup> As a result of this agreement, the U. S. Government will allocate \$60 million to Pakistan under the defense support chapter of the U. S. Mutual Security Act of 1954 (Public Law 665).

Pursuant to the agreement, \$40 million will be made available for the procurement of emergency commodities for Pakistan and \$20 million for proj-

ects promoting economic development. Two-thirds of the total will be in the form of a grant, the remaining one-third being in the form of a loan.

The emergency commodities in this part of the program will include such items as industrial chemicals, drugs and medicines, nonferrous metals, unfinished iron and steel products, and sugar. The economic development projects will probably be in the fields of industry, natural resources, and agriculture. The rupees derived from the commodity program will be used for the benefit of Pakistan.

Pakistan has made tremendous efforts in its own behalf. It is clear, however, that increased economic assistance is urgently needed to help overcome shortages of consumer goods and industrial raw materials, and that economic development programs must be increased. The new agreement is further evidence of the friendly interest of the people of the United States in the independence and security of the people of Pakistan and in the solution of their pressing economic problems.

The long-term \$20 million loan will be repaid in rupees under the terms of a separate agreement to be effected between the Government of Pakistan and the Export-Import Bank of Washington.

Copies of these agreements will be deposited with the Secretary-General of the United Nations.

## Current Treaty Actions

### MULTILATERAL

#### Copyright

Universal copyright convention and three related protocols. Done at Geneva, September 6, 1952.<sup>1</sup>

Accession deposited: Costa Rica, December 7, 1954.

### BILATERAL

#### India

Air transport services agreement. Signed at New Delhi, November 14, 1946. Entered into force, November 14, 1946. TIAS 1586.

Terminated: January 14, 1955 (by notification given January 14, 1954, by India to the United States pursuant to Article X (e) of the agreement).

#### Netherlands

Agreement establishing an air defense technical center with cost reimbursement contract attached. Effected by exchange of notes at The Hague, December 14, 1954. Enters into force upon approval by the Netherlands Government.

#### Pakistan

Agreement amending the agreement of August 23, 1954 (TIAS 3052), relating to emergency flood assistance.

<sup>1</sup> Not in force.

<sup>1</sup> BULLETIN of Nov. 1, 1954, p. 639.

Effectuated by exchange of notes at Washington, November 29 and December 16, 1954. Entered into force December 16, 1954.

#### Sweden

**Arrangement relating to certificates of airworthiness for imported aircraft.** Effectuated by exchange of notes at Stockholm, December 22, 1954. Entered into force December 22, 1954.

**Arrangement for the reciprocal recognition of certificates of airworthiness for imported aircraft.** Effectuated by exchange of notes at Washington, September 8 and 9, 1933. 48 Stat. 1805.

*Terminated:* December 22, 1954 (by the agreement of December 22, 1954, relating to certificates of airworthiness for imported aircraft).

### PUBLICATIONS

#### Recent Releases

*For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.*

**Highways, Boyd-Roosevelt Highway in Panama—Extending Modus Vivendi Agreement of September 14, 1950.** TIAS 2874. Pub. 5330. 4 pp. 5¢.

**Modus Vivendi Agreement between the United States and Panama.** Exchange of notes—Signed at Panamá August 11, and September 14 and 21, 1953. Entered into force September 21, 1953; operative retroactively September 14, 1953.

**Defense, Haines-Fairbanks Oil Pipeline Installation.** TIAS 2875. Pub. 5331. 14 pp. 10¢.

**Agreement between the United States and Canada.** Exchange of notes—Signed at Ottawa June 30, 1953. Entered into force June 30, 1953.

**Technical Cooperation, Training Grants to Netherlands Nationals.** TIAS 2877. Pub. 5338. 5 pp. 5¢.

**Agreement between the United States and the Netherlands.** Exchange of notes—Signed at Washington October 23 and 27, 1953. Entered into force October 27, 1953.

**Amami Islands, Relinquishment by United States of America to Japan Under Article III of Treaty of Peace.** TIAS 2895. Pub. 5421. 28 pp. 15¢.

**Agreement, with annex, exchange of notes and official minutes between the United States and Japan—Signed at**

**Tokyo December 24, 1953. Entered into force December 25, 1953.**

**Friendship, Commerce and Navigation.** TIAS 2948. Pub. 5490. 55 pp. 20¢.

**Treaty, with protocol and exchange of notes between the United States and Israel—Signed at Washington August 23, 1951. Entered into force April 3, 1954.**

**Military Assistance.** TIAS 2975. Pub. 5530. 8 pp. 10¢.

**Agreement between the United States and Honduras—Signed at Tegucigalpa May 20, 1954. Entered into force May 20, 1954.**

**Air Transport Services.** TIAS 3013. Pub. 5623. 10 pp. 10¢.

**Agreement between the United States and Sweden, amending agreement of December 16, 1944. Exchange of notes—Signed at Washington August 6, 1954. Entered into force August 6, 1954.**

#### Check List of Department of State Press Releases: January 10-16

Releases may be obtained from the News Division, Department of State, Washington 25, D.C.

Press release issued prior to January 10 which appears in this issue of the BULLETIN is No. 9 of January 7.

No.	Date	Subject
11	1/11	Dulles: The Peace We Seek.
12	1/11	Aide memoire to U. S. S. R. on defensive character of NATO.
13	1/11	Aid agreement with Pakistan.
*14	1/11	Henderson nomination.
*15	1/11	Bonbright nomination.
16	1/11	Talks with India on air transport.
*17	1/11	Hendrickson nomination.
*18	1/11	Nixon's Caribbean itinerary.
*19	1/12	Educational exchange.
20	1/12	Luce: Italy in 1955.
21	1/12	NATO production conference.
22	1/12	Observation planes for OAS.
23	1/13	Robertson: Partnership in Free World.
*24	1/13	Dulles: birthday message to Schweitzer.
†25	1/15	Luce: Poor Richard Club, Philadelphia.

\* Not printed.

† Held for a later issue of the BULLETIN.

<b>American Principles. The Peace We Seek (Dulles)</b> . . .	123	<b>Military Affairs</b>	
<b>American Republics. Observation Planes Made Available to OAS Investigating Committee (text of resolution)</b> . . .	131	NATO Conference To Discuss Problems of Defense Production . . . . .	125
<b>Asia. The Growing Partnership Among Free Nations (Robertson)</b> . . . . .	126	U.S. Replies to Soviet Query on Remarks of General Stevenson (texts of notes) . . . . .	137
<b>China. Mutual Defense Treaty With Republic of China Transmitted to Senate (text of letter, report, and exchange of notes)</b> . . . . .	150	<b>Mutual Security. The Growing Partnership Among Free Nations (Robertson)</b> . . . . .	126
<b>China, Communist. U.N. Secretary-General's Return From Mission to Red China (Eisenhower)</b> . . . . .	122	<b>North Atlantic Treaty Organization</b>	
<b>Communism. The Growing Partnership Among Free Nations (Robertson)</b> . . . . .	126	NATO Conference To Discuss Problems of Defense Production . . . . .	125
<b>Congress, The</b>		U.S. Replies to Soviet Query on Remarks of General Stevenson (texts of notes) . . . . .	137
Current Legislation . . . . .	153	<b>Pakistan. Economic Aid Agreement Signed at Karachi</b> . . . . .	157
Further Developing the Foreign Economic Policy of the United States (message from the President) . . . . .	119	<b>Presidential Documents</b>	
Mutual Defense Treaty With Republic of China Transmitted to Senate (text of letter, report, and exchange of notes) . . . . .	150	Further Developing the Foreign Economic Policy of the United States (message to Congress) . . . . .	119
<b>Costa Rica. Observation Planes Made Available to OAS Investigating Committee (text of resolution)</b> . . . . .	131	Mutual Defense Treaty With Republic of China Transmitted to Senate (text of letter, report, and exchange of notes) . . . . .	150
<b>Economic Affairs</b>		Report on Including Escape Clauses in Existing Trade Agreements . . . . .	153
Air Transport Services With India . . . . .	157	U.N. Secretary-General's Return From Mission to Red China . . . . .	122
Economic Aid Agreement Signed at Karachi . . . . .	157	<b>Publications. Recent Releases</b> . . . . .	158
Further Developing the Foreign Economic Policy of the United States (message from the President to the Congress) . . . . .	119	<b>Treaty Information</b>	
OEEC Publishes Report on U.S. Investment in Europe . . . . .	136	Current Treaty Actions . . . . .	157
Report of the Validation Board for German Dollar Bonds, September 1, 1953-August 31, 1954 . . . . .	139	Mutual Defense Treaty With Republic of China Transmitted to Senate (text of letter, report, and exchange of notes) . . . . .	150
Report on Including Escape Clauses in Existing Trade Agreements (Eisenhower) . . . . .	153	Summary of Treaty Actions by 83d Congress . . . . .	154
Wheat and Cotton Agreement With Yugoslavia . . . . .	138	<b>United Nations. U.N. Secretary-General's Return From Mission to Red China (Eisenhower).</b> . . . .	122
<b>Europe. OEEC Publishes Report on U.S. Investment in Europe</b> . . . . .	136	<b>U.S.S.R. U.S. Replies to Soviet Query on Remarks of General Stevenson (texts of notes)</b> . . . . .	137
<b>Germany, Federal Republic of</b>		<b>Yugoslavia. Wheat and Cotton Agreement With Yugoslavia</b> . . . . .	138
New Year's Greeting to the People of Germany (Conant) . . . . .	137		
Report of the Validation Board for German Dollar Bonds, September 1, 1953-August 31, 1954 . . . . .	139	<b>Name Index</b>	
<b>India. Air Transport Services With India</b> . . . . .	157	Conant, James B. . . . .	137
<b>International Organizations and Meetings. NATO Conference To Discuss Problems of Defense Production</b> . . . . .	125	Dulles, Secretary . . . . .	123, 150
<b>Italy. Italy in 1955 (Luce)</b> . . . . .	132	Eisenhower, President . . . . .	119, 122, 150, 153
		Hartman, Douglas W. . . . .	139
		Luce, Clare Boothe . . . . .	132
		Reusch, Walther . . . . .	140
		Robertson, Walter S. . . . .	126
		Yeh, George K. C. . . . .	152



the  
Department  
of  
State

UNITED STATES  
GOVERNMENT PRINTING OFFICE  
DIVISION OF PUBLIC DOCUMENTS  
WASHINGTON 25, D. C.  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID  
PAYMENT OF POSTAGE, \$300  
(GPO)

*Foreign Relations of the United States . . .*

the basic source of information on U.S. diplomatic history

**1938, Volume III, The Far East**

Documents in this volume deal with the undeclared war between China and Japan and with problems arising from it. The deepening of the international crisis caused by the conflict in China and the danger of general war among the Great Powers form the principal subjects of this volume of papers from State Department files. The prominent role played by the Soviet Union and by Chinese Communists in developing the situation is pictured in many documents now published for the first time.

Significant reports on the chance of mediation, on the possibility of war between the powers, on the future of the Republic of China, and on specific problems resulting from intensification of the undeclared war are revealed in this 768-page publication. Interest in the Communist question in China increased during 1938, and this volume also includes a series of reports from the field in regard to Communist tactics and policies.

Copies may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D. C., for \$3.50 each.

---

Please send me ..... copies of *Foreign Relations of the United States, 1938, Volume III, The Far East.*

*Order Form*

To: Supt. of Documents  
Govt. Printing Office  
Washington 25, D.C.

Name: .....

Street Address: .....

City, Zone, and State: .....

Enclosed And:

.....  
(cash, check, or  
money order).



